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Austria ..	Sch 18	Indonesia .	Rp 2500	Portugal ..	Esc 80
Bahrain ...	Din 0.550	Italy	L 1300	S. Arabia	Rls 6.00
Belgium ..	BFr 42	Japan	Y550	Singapore .	S$ 4.10
Canada .	C$1.00	Jordan ..	Fils 500	Spain ..	Pta 110
Cyprus .	C£0.60	Kuwait ...	Fils 500	Sri Lanka ...	Rup 30
Denmark ..	Dkr 7.25	Lebanon	£L 9.00	Sweden	Skr 5.50
Egypt ..	E£1.00	Luxembourg	LFr 42	Switzerland	SFr 2.20
Finland ..	Fmk 5.00	Malaysia .	Rm 4.25	Taiwan ...	NT 585
France ..	FFr 6.00	Mexico .	Pes 300	Tunisia ..	Din 0.600
Germany .	DM 2.20	Morocco	Dr 6.00	Turkey ...	L 210
Greece .	Dr 70	Netherlands .	Fl 2.50	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr. 6.00	U.S.A. ...	$1.00
India ..	Rup 15	Philippines	Pes 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,803 Thursday December 12 1985 D 8523 B

France consolidates its position in Africa, Page 13

World news — Business summary

Strasbourg condemns reform of EEC

The European Parliament united across party lines to condemn the *planned reform of the EEC, agreed* by Community leaders at their Luxembourg summit last week, as unsatisfactory and unacceptable in its *present form.*

But MEPs stopped short of outright rejection and reserved their final *positions,* after a plea from Jacques Santer the Luxembourg Prime Minister and chairman of the summit meeting.

The parliament's vote, by 243 votes to 47, will not immediately trigger the Italian Government's threat to block any reform package which the MEPs cannot accept, but it must none the less cast severe doubt over the ultimate goal of amending the Treaty of Rome along the lines agreed in Luxembourg. **Earlier story, Page 3**

Belfast clash

More than 35 policemen were injured in clashes with Protestants in Belfast who were demonstrating against the first meeting of the body set up by Britain and Ireland to give Dublin a say in running Northern Ireland. **Page 14**

Kyprianou call

President Spyros Kyprianou of Cyprus, who increased his backing in Sunday's elections, called for an *international force to guarantee a* Cyprus settlement and for Turkish troops to withdraw.

Italy jails Arab

A court in Verona, Italy, sentenced an Arab who claimed to be an associate of Palestinian leader Yassir Arafat to 14 years' jail for possession of arms and explosives.

Sindona trial plea

The public prosecutor in Milan *asked for Michele Sindona, the* Sicilian financier and former Vatican adviser to be sentenced to life imprisonment for allegedly having arranged the killing in 1979 of lawyer Giorgio Ambrosoli. He was officially investigating Sindona's finances. **Page 2**

Doe lifts curfew

Liberian leader Samuel Doe lifted a nationwide curfew imposed after an attempt to overthrow him last month.

Greeks charged

Nigeria charged three Greeks with attempting to smuggle 900,000 barrels of crude oil out of the country. The offence carries the death penalty.

Tycoon denied bail

A Madrid court refused bail to extradited Spanish tycoon José Maria Ruiz Mateos, who faces fraud charges in connection with his former business empire Rumasa.

Border dispute

El Salvador and Honduras ended five fruitless years of discussion on their border dispute and prepared to take the issue to the World Court in The Hague. **Page 4**

'Guerrilla' surrenders

Martin Thiel, *one of* West Germany's most wanted suspected urban guerrillas, has surrendered in Saarbrücken.

1,300 in food strike

About 1,300 Palestinian political prisoners refused food in Israel on the seventh day of a hunger strike against prison conditions.

Soviet navy head

Admiral Sergei Gorshkov, commander of the Soviet navy for the past 29 years, has been replaced by one of his deputies, Admiral Vladimir Chernavin.

CSX to take $954m charge

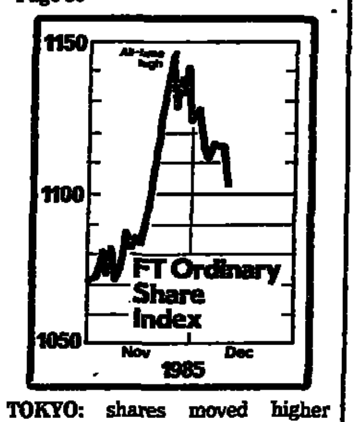
CSX, the large US transport group, is taking a $954m pre-tax charge, *the bulk of which covers provisions* for a substantial cut in its workforce and the reorganisation of its important railroad business.

The group plans to reduce rail-related employment levels by 12 per cent and $327m of the charge will be related to buy-out payments offered to 6,700 workers. The remaining amount is related to write-downs of track and equipment as well as energy assets.

TEXACO shares fell on Wall St. following a Texas judge's decision to uphold a $11.1bn damages award against the company in favour of Pennzoil. Texaco said it would appeal against the ruling. **Page 14**

WALL STREET: The Dow Jones industrial average closed up 12.50 at 1,511.70. **Page 36**

LONDON: stocks and gilts continued lower, hit by oil price and sterling worries. The FT Ordinary share index lost 12 to 1,103.7 and the FT-SE 100 shed 12.1 to 1,377.4. **Page 36**



TOKYO: shares moved higher across a broad front. The Nikkei average jumped 121.05 to 12,972.00. **Page 36**

DOLLAR closed in New York at DM 2.5348, SFr 2.1225, FFr 7.739 and Y203.70. It remained firm in London, closing at DM 2.5425 (DM 2.539), FFr 7.7575 (FFr 7.75), SFr 2.1285 (SFr 2.118) and Y203.8 (Y203.55). On Bank of England figures the dollar's index rose to 127.9 from 127.7. **Page 29**

STERLING closed in New York at $1.417. It lost 2 cents against the dollar in London to finish at $1.415. It also declined to DM 3.5975 (DM 3.6425), FFr 10.9775 (FFr 11.1225), SFr 3.0125 (SFr 3.04) and Y288.5 (Y292.1). The pound's exchange rate index fell 1.0 to 77.9. **Page 29**

GOLD fell $3.00 on the London bullion market to $315.25 and was $1.80 lower in Zurich at $315.75. In New York the Comex February settlement was $320.10. **Page 28**

FRENCH inflation was an annual 4.8 per cent last month, the lowest since 1968. **Page 2**

AUSTRALIA'S trade balance last month moved to an A$20m (US$13.6m) surplus from an A$562m deficit as exports rose 7 per cent and imports fell 12 per cent. **Page 4**

MITSUBISHI, Japan's largest trading house, reported a 21.6 per cent jump in consolidated net profits to Y20.49bn ($100.7m) in the half-year to September 30, 1985. This stemmed from an improvement at its US subsidiary, Mitsubishi International, as well as higher earnings from securities tradings.

PAN-ELECTRIC: Interim agreement is reported to have been reached to rescue the company, the collapse of which triggered a financial crisis on the Singapore Stock Exchange. **Page 16**

CABLE & WIRELESS: Offer for sale of shares in the British telecommunications company closed about two times oversubscribed. The issue raised £933m. **Page 14**

TATE & LYLE, UK sugar refiner, lifted pre-tax profits for the year to £76.7m ($110m) from a revised £65.4m, and raised the payout by 16 per cent. **Lex, Page 14; Details, Page 18**

FIRESTONE Tire and Rubber, second largest US tyre group, plunged into loss in the final quarter of its fiscal year because of restructuring costs. **Page 15**

Opec 'astounded' as oil markets touch 6-year low

BY DOMINIC LAWSON IN LONDON

THE Organisation of Petroleum Exporting Countries (Opec) yesterday moved to bring order back to the chaotic oil markets where prices have fluctuated wildly in recent days before hitting a six-year low at one point yesterday.

Dr Aliro Parra, the leading adviser to the Venezuelan Oil Minister, and Opec president Mr Arturo Hernandes Grisanti said yesterday "there has been an enormous over-*reaction (in the oil markets)* to something that has not happened.

"The market says we have abandoned our (production) ceiling but we have not. We are astounded at the way the market has reacted," Dr Parra said.

A *meeting of Opec ministers* last weekend adopted a resolution to defend the organisation's share of the oil market – a decision which was seen by the markets as the first shot in an oil price war and sent spot market rates plummeting.

The ministers set up a committee, chaired by the Opec president, to examine ways of securing, and to recommend action to maintain, the organisation's share of the market.

Opec's moves came at the end of a meeting which had been told by Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, that if non-Opec producers, particularly the UK, did not cut production to help Opec, a price war was in prospect. But Dr Parra said yesterday: "The committee has not even met, let alone discussed anything, let alone reached any conclusions."

In London yesterday Prof. Tam David-West, Nigeria's Oil Minister, said Opec should set itself a minimum production target of 20m barrels *a day, substantially above the* organisation's ceiling of 16mbd. But Opec officials yesterday said it was inconceivable the organisation would agree to creating such a glut.

The British Government has no plans to cut North Sea Oil output, *believing many of the* highly populated and heavily indebted Opec producers cannot afford a price war.

The initiative from Venezuela suggests that this view has been taken on board by at least some Opec members.

Sharp volatility was again evident in oil markets on both sides of the Atlantic yesterday. On the Rotterdam market Brent, the main North Sea crude was initially traded at $21.80 a barrel, more than $3 below Tuesday's close, which had been the lowest for six years. But within two hours the price rose to $26 a barrel, as buyers came back into the market.

At the close of the European market last night Brent for January delivery was traded at $24.75 a barrel.

On the small International Petroleum Exchange in London, trading in heating oil futures was halted for a period yesterday morning, to avoid a disorderly market. In early trading the price of a tonne of heating oil dropped by $28 to $197.

The New York Mercantile Exchange, oil futures market, decided yesterday to double the "margin" that traders must deposit before entering the market, with effect from *the start of business today. The* "margin" is a deposit that can be used by the exchange to fund any outstanding commitments by a defaulting member.

Miss Rosemary McFadden, president of Nymex, said the doubling of *the margin would give the market* greater protection in conditions of extreme volatility. Yesterday a record 33m barrels of oil were traded on Nymex.

Opec's bluff, Page 8; Falling prices, Page 12

Intervention fails to halt slide of £

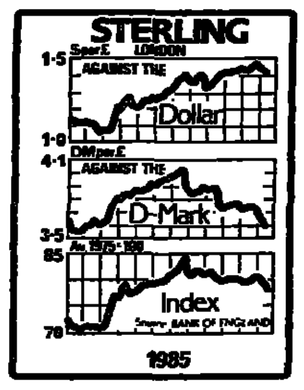
BY PHILIP STEPHENS AND PETER RIDDELL IN LONDON

THE UK Government yesterday *sought to* dispel speculation in financial markets that it wanted to preserve at any cost the scope for tax cuts next year as the pound continued to slide against other major currencies on the foreign exchange market.

Amid obvious concern in Whitehall to prevent sterling's steep fall since Monday's Opec meeting from turning into a full-scale crisis, there were hints of heavy intervention or higher interest rates if the pound does not stabilise.

Last night, Mrs Margaret Thatcher, *the Prime Minister,* pledged that the Government would continue its cautious approach to interest rates, taxation and public borrowing. She told the annual dinner of the British Radio and Electronic Equipment Manufacturers Association: "Of *course I know* that business would like lower interest rates, so would people with mortgages. But if we were to take risks with interests rates, gratitude would soon go sour if the result were a return to higher inflation which would affect the future of every business in the land."

The Bank of England has intervened in the markets over the last two days and was yesterday aided by some dollar sales by the West German Bundesbank, but up to now the scale has been relatively modest.



Sterling's exchange rate index fell by 1.0 to 77.9, the lowest since May, and took its losses since the beginning of the week to around 4 per cent. Against the dollar, the *pound* fell 2 *cents to close at* $1.4150.

Senior government officials dismissed as absurd any suggestion that the Treasury was deliberately allowing sterling to fall against the dollar.

A fall in the sterling/dollar rate provides some offset to the impact of lower world oil prices on government revenues by boosting the sterling value of North Sea output.

Continued on Page 14

Currencies, Page 29

Marcos to face united Aquino challenge

By Chris Sherwell and Samuel Senoren in Manila

THE STAGE was set last night for a dramatic electoral *showdown* in the Philippines, after Mrs Corazón Aquino, widow of the murdered opposition leader Mr Benigno Aquino, emerged as the principal challenger *to the incumbent,* Mr Ferdinand Marcos, in the presidential election set for February.

Agreement on a unified opposition ticket linking Mrs Aquino with Mr Salvador Laurel, leader of the opposition Unido coalition, came in a last-minute reconciliation ahead of a midnight deadline for declaring candidacies. Mr Laurel withdrew his name as a presidential contender and resubmitted it for the vice-presidential race.

The sudden move means Mr Marcos will face his toughest ballot-box challenge since he first won the presidency 20 years ago. A bitter campaign is expected between now and polling day on February 7.

The outcome is important because the Philippines faces a severe economic crisis, an intensifying *Communist-inspired insurgency,* and growing worries internationally over the country's stability.

The last-minute reconciliation between Mrs Aquino and Mr Laurel is believed to be the result of mediation by Cardinal Jaime Sin, the Roman Catholic Archbishop of Manila. Without an accord, a victory for Mr Marcos would have looked almost certain.

Hesitant moves towards a unified ticket collapsed in disarray last Sunday, when the two political figures fell out over which party grouping they would actually represent. Mr Laurel insisted that the two should fight under his Unido banner, and this has now been agreed.

Mrs Aquino had previously wanted a joint banner of Unido and her even *looser coalition known as* Laban ng Bayan.

Though politically inexperienced, Mrs Aquino has won wide popular support since her husband was shot dead in August, 1983, as he returned to Manila from self-imposed exile. She can be expected to inject moral leadership into her campaign, supported by the Unido Party machine built up by Mr Laurel.

President Marcos, aged 68, launched his own election bid yesterday by nominating a maverick former minister as his running-mate, and strongly attacking his opponents. At a carefully orchestrated national convention of the ruling New Society Movement (KBL), he

Continued on Page 14

US tax plan threatened after revolt in Congress

BY REGINALD DALE, US EDITOR, IN WASHINGTON

THE FUTURE of President Ronald Reagan's drive to reform the US tax system was plunged into uncertainty yesterday after a sudden procedural rebellion in the Democrat-controlled House of Representatives. In an unexpected move, the House voted against even debating Democrat-sponsored legislation on which Mr Reagan was relying to carry the reform process forward.

The 223 to 202 vote caused confusion over how, or whether, the bill could be brought to the floor before the Christmas recess, set to begin at the end of the week.

Mr Reagan has warned that if a tax bill does not pass the House in the coming days, the whole reform process could be "dead for several years."

Mr Dan Rostenkowski, chairman of the House Ways and Means Committee and architect of the Democrat's bill, said that Mr Reagan would have to work hard to drum up support if he wanted to get the legislation back on track.

A radical plan to eliminate the *US budget deficit by 1891* was heading towards final congressional approval last night, both houses were hoping to endorse the so-called Gramm-Rudman plan before midnight, when the Government was technically due to run out of money. The budget plan was attached to a measure raisong the national debt ceiling to $2.079bn, which would put the Government back on a sound financial footing after months of uncertainty.

Mr Reagan, who has made tax reform his main domestic policy objective during his second term in the White House, immediately let it be known that he would not give up the fight.

The general feeling in Congress, however, was that it was unlikely that the bill could be resuscitated in the next few days. Mr Jim Wright, the House Democratic majority leader said: "I imagine that that's it for the year."

...The surprise vote appeared to reflect both opposition to the Rostenkowski bill and resentment at the voting procedures drafted by the Democrat-controlled House Rules Committee on Tuesday.

The rules would have allowed consideration of only one major amendment, the alternative tax plan put forward by the Republicans, which faced almost certain defeat.

The procedure must now be changed by the rules committee be*fore the measure can be brought* back to the full House.

Mr Reagan had conducted a high-pressure lobbying campaign to persuade reluctant Republicans to vote for the Democratic version if and when the Republican alternative was rejected. He hoped the Democratic plan could then be "improved" in the Republican-led

Continued on Page 14

JMB reports £210m loss for 15 months

BY DAVID LASCELLES IN LONDON

JOHNSON MATTHEY Bankers, the private British bank rescued from near collapse by the Bank of England in September 1984, yesterday reported a £210m ($298m) loss in the 15 months to June 30 this year.

The accounts show that the Bank of England, which bought JMB for £1 to avert the collapse, lost £39.15m on the rescue operation. The *Bank* hopes to more than recoup this sum by selling JMB back to the private sector next year.

The accounts, the first since the near collapse, were accompanied by a statement from JMB rejecting recent allegations that its officials had been *engaged in fraud* since the rescue. But it is supporting police inquiries into the possibility that fraud had been perpetrated before then, though losses from fraud would probably be small.

JMB is also helping Nigeria trace breaches of its exchange controls which were undertaken by the bank's customers with its knowledge.

Mr David Walker, the senior Bank official who is now chairman of JMB, says in his statement: "Whatever the nature and extent of misfeasance that has, directly or indirectly, affected our business, the board feel most *strongly* that evidence of it must be definitively identified and vigorously followed up."

The accounts, which are heavily qualified by Price Waterhouse, the auditors, cover the 15 months up to *June 30 this year. They provide a* detailed account of the clean-up op-

Continued on Page 14

Bank's denial, Page 9; Lex, Page 14

Italimpianti nears China deal

BY ALAN FRIEDMAN IN MILAN

ITALIMPIANTI, the Italian plant engineering company that is part of the IRI-Finsider state holding group, said yesterday that it was in "the concluding phase" of negotiations with Peking to build a $750m steel-tube plant in China.

The Genoa-based company said it hoped to finalise the deal in China early next year. Among the issues still to be resolved is the question of whether Italimpianti will serve as main contractor on the steel project. This would add $100m to the value of the contract.

Italimpianti's principal competitor for the turnkey contract has been *Mannesmann* of West Germany.

News of the Chinese negotiations leaked out in Turin on Tuesday when a Chinese diplomat spoke to journalists at a banking conference. It is the second time this week that a diplomat has caught a leading Italian company by surprise – on Monday Mr Nicolai Lunkov, the Soviet ambassador to Rome, disclosed that the Fiat group is discussing with Moscow a contract to build a car engine factory in the Soviet Union. The Fiat deal could have a value of about $1bn.

Italimpianti's Chinese deal would be for a steel plant and adjoining steel-tube factory at Tianjin, 200 km south of Peking. The plant would have capacity to produce 500,000 tonnes of tubes and pipes a year. The pipes would be used for Chinese oil and gas exploration in rough terrain.

It was also disclosed yesterday that Italimpianti is negotiating with the Indonesian Government for a contract to build a $500m steel and steel-tube plant near Jakarta. Professor Romano Prodi, chairman of IRI, discussed this on a recent visit to Indonesia.

Italimpianti has been very successful this year. In August the company won a $970m turnkey contract to construct a steel-tube plant at Volzhskiy near the Soviet city of Volgograd. Negotiations with the Soviet authorities had been under way for several months and continue with regard to a second steel plant deal in the country also worth about $1bn.

● Fiatallis, the earthmoving equipment maker that is a subsidiary of Italy's Fiat group, yesterday announced a series of orders in the US, Turkey, Ethiopia and Italy.

The Pentagon in Washington is buying 146 wheel-loader and crawler-loaders for the US Army worth $7.5m. Turkey's Agriculture Ministry is ordering 126 crawler-loaders, costing $5.7m and Ethiopia is buying 70 bulldozers and other earthmoving vehicles for its irrigation programmes worth $8.6m.

In Italy, the Cogefar plant engineering group is spending L7.5bn ($4.35m) for 53 scrapers, hydraulic excavators and other machines, to be used in road building work in Algeria. Saipem, the pipelaying and drilling company which is part of the ENI state energy group, is spending L8bn for 23 excavators, wheel loaders and bulldozers.

CONTENTS

EUROPEAN NEWS

William Dullforce reports on an issue provoking fear and stirring conscience

Refugee influx arouses Swiss passions

TAMILS FROM Sri Lanka, Zaireans and Chileans are creating turbulence in the usually calm political order of the Swiss Confederation. The surge in the number of refugees seeking asylum — a problem which the Swiss share with other Europeans—has swamped the apparatus for handling them. It has aroused moral passions and generated confusion.

Right-wing politicians claim to see a sinister plot by the Soviet KGB to flood Western Europe with refugees from the Third World and reduce its willingness and capacity to receive those from Eastern Europe.

The influx has provoked fear and resistance among some Swiss at the same time as it has stirred the conscience of others, proud of their country's centuries-old reputation as a haven for the politically persecuted.

Protestant pastors and Catholic priests have jointly chosen civic disobedience by sheltering on church premises refugees whose expulsion has been ordered. The canton of Geneva has decreed that no deportation orders involving families will be acted upon.

On the other hand, two cantons, Fribourg and Jura, have announced that they will accept no further applications for asylum — an unlawful act which has yet to be challenged by the federal authorities.

At the eye of the storm is Mrs Elisabeth Kopp, the Minister of Justice and the first woman to become a member of the Federal Council (government). She has become a highly controversial figure, accused by humanitarian organisations of being a turncoat and praised by the political centre and right for sticking to the letter of the law.

Mrs Kopp had earlier proposed that an amnesty be granted, offering asylum to all refugees who had been waiting for long periods for their applications to be processed. When Parliament would not swallow that suggestion, she appeared to switch to a hard line, exemplified in the sudden deportation of 59 Zaireans at the beginning of November.

After an early morning pounce by Swiss police the 59 were bundled on to a Swissair aircraft, the men in handcuffs, and despatched to Kinshasa.

Reports in Swiss newspapers that six of them had died in hospital after being maltreated on their arrival prompted Zaire's President Mobutu personally to organise an appearance of the 59, whose identities were subsequently confirmed by the Swiss embassy.

The feelings aroused by the way in which this expulsion was conducted have not died down. Critics of Mrs Kopp charge her with giving way to extremist pressures after the *National Action (NA)*, a right-wing political group campaigning on an anti-foreigner platform, had made important gains in local elections in Berne, the federal capital, and more recently in Geneva and Lausanne.

The presence of some 1,000 dark-skinned Tamils on the streets of Berne may have influenced voting in the capital, but in Geneva factors of longer date contributed to the advance of the Vigilant group associated with the NA.

The housing shortage, high rents and traffic congestion have induced xenophobic attitudes in a city where foreigners working for international institutions, banks and businesses make up a third of the population.

Resentment of the foreigner grows when native Genevese have to look for cheaper apartments across the frontier in France and commute to work in their city. But this attitude has been nurtured slowly and has not previously been expressed in the polling booths.

The trigger which brought it into the open has been the influx of refugees with darker skins and sharply different cultures. Simultaneously, suspicion has grown among the Swiss that most refugees were seeking asylum not for political reasons but for economic advantage.

In the first 10 months of this year 8,300 people sought asylum in Switzerland. The number has swollen steadily since 1980 when 3,000 applicants arrived. In the 1970s the Swiss would receive 1,000-1,500 a year.

There are at present more than 23,000 foreigners in Switzerland whose appeals for asylum have not received a final answer. They include 4,600 Tamils and 2,200 Zaireans. Some have been here for four years, the majority, close to 8,000, are Turks but they tend to blend with the 50,000 Turkish guest workers in Switzerland.

The 52 Chileans living under church protection at Seebach near Zurich and their compatriots under similar shelter in Lausanne are test cases.

The law on asylum is being revised to speed up procedures. Parliament is expected to approve funds for 70 new staff next year. The Justice Ministry hopes the time taken to deal with applications can be cut to eight months at the most.

The Swiss are trying to coordinate policy on refugees with other European countries, notably West Germany, France and Britain.

Approaches by Bonn to the East Germans have staunched the flow of Tamils through Berlin. Flown in by the Soviet Union's Aeroflot and East Germany's Interflug, they had been crossing into West Berlin and moving on to West Germany and Switzerland. Now, however, they are coming through Italy.

SWITZERLAND'S FOREIGN labour force is showing a gradual but constant growth, writes John Wicks in Zurich.

By the end of August, the number of employed aliens had reached more than 756,000. Although this is still well below the level reached in the late 1960s and early 1970s, when there was considerable anti-foreigner feeling in Switzerland, it is more than 100,000 up on the 1977 low.

Recent local elections in Geneva and Lausanne have proved that there is still a considerable appeal to the voter by such nationalistic groups as the Vigilants and the Nationale Aktion (NA).

The steady overall growth in recent years has taken place despite strict immigration restrictions. In fact, the number of resident foreign workers with one-year permits has dropped by half in the past 10 years. However, more and more foreigners have obtained rights of domicile, making them much freer to move on the labour market. There is also a higher birth rate among foreigners than the Swiss average.

Inflation rate heads below 5%

By Our Paris Correspondent

FRANCE'S INFLATION rate is now likely to be well under 5 per cent by the end of the year after further good monthly price figures released yesterday.

According to the official statistics institute Insee, prices in November rose by 0.2 per cent, thus giving a cumulative increase for the 11 months of 4.5 per cent. On a 12-month basis prices were up 4.8 per cent at the end of November—or the lowest inflation rate in 17 years.

The faster-than-expected fall in French prices has been largely due to the decline in the dollar and falling raw material prices.

Over the past six months the annualised inflation rate has fallen to 3 per cent. The Government takes this as a sign that its target of bringing inflation down to 2.9 per cent by the end of next year is not an unrealistic one.

African conference

French and African heads of state and top delegates began three days of informal talks yesterday on the struggle against apartheid in South Africa, the conflict in Chad, and Africa's economic problems, Reuter reports from Paris.

French Government forced to seek vote of confidence

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government decided yesterday to overrule Communist opposition to new labour legislation by seeking a vote of confidence in the National Assembly.

It is only the sixth time that the Government has adopted such a procedure since 1981, and the first time that it has used it against its former coalition partners. The move reflects the bitter conflict that has emerged between the two left-wing parties.

The Government took its decision after a week in which the Communist group in the National Assembly has used every procedural device under the Assembly's rules to block the Bill. The legislation is aimed at encouraging greater work-sharing and more flexible practices in industry.

The right-wing opposition deserted the Assembly at the weekend as Communists and Socialists fought over the host of amendments put down by Communist deputies. When the Government felt at last on Monday night that the first reading of the Bill could be completed, the Communists tabled more than 100 fresh amendments.

Their action faced the Government with a choice of either dropping the Bill or seeking a vote of confidence which would publicly reveal the depth of the conflict on the Left. The present Parliament is dissolved on December 20 in advance of the March general election.

In forcing the Government's hand in this manner, the Communists' intention is to portray the Socialists as resorting to high handed methods to put through laws damaging to workers' interests.

In this vein, Mr Guy Hermier, a member of the party's politburo, condemned the decision yesterday and said: "I could not have imagined a Socialist Government acting in such an undemocratic fashion."

The law is aimed at boosting both jobs and productivity by allowing employers greater flexibility over calculating the minimum working week, overtime pay and time-off. It requires, however, that all changes be first agreed in negotiations with the unions.

Even if passed the law looked like remaining a dead letter because of the opposition to it of the pro-Communist CGT union and of the blue-collar Force Ouvriere union. Employers have also been opposed to it because it provides for negotiations on a sector-by-sector basis instead of on a company basis as the employees want. The employers' federation also believes that it conceals a further reduction in the minimum working week.

The Bill, however, had the strong support of the pro-Socialist CFDT union and of many Socialist deputies who believe that work-sharing must be encouraged to provide more jobs.

The success of the Communists' obstructionist tactics in the Assembly has opened the possibility that the extreme right-wing National Front could resort to similar procedures next year if it wins a substantial number of seats.

Poles fight six-day work week

By Christopher Bobinski in Warsaw

THE Polish Government's efforts to reintroduce a six-day working week for many industrial workers next year have already produced divisions among the new trade unions set up three years ago to replace the Solidarity movement.

A five-day week was introduced in 1981 and the change is seen as the last remaining important concession won by Solidarity. Now the authorities, who lack other means of boosting output, are intent on lengthening the working week from the present 42 hours to 46 wherever possible.

Original plans to introduce the increase throughout industry have been abandoned for fear of a strike backlash and recognition that the extra wages which would have to be paid out would make the exercise too expensive.

However, without making the plan public the Government has passed the proposal for the extended working week in key sectors to the new unions for consultation. Among others, 500 plants in the engineering sector are affected and 100 in the steel industry.

The suggestion has already provoked resistance within the new unions, despite their national leaderships' inclination to accept the government plan.

In what amounts to a vote of no confidence, the engineering union has written to Mr Alfred Miodowicz, head of the national unions co-ordinating committee, and denied him the right to negotiate on the issue until the rank-and-file have had their say.

Opposition from new union members at the giant Huta Katowice works also stopped the leadership of the steel-workers' union from accepting the proposal without debate at a national union meeting last month.

The lights go down in Bulgaria

By Leslie Colitt in Berlin

BULGARIA is taking rigorous measures to cope with a severe energy shortage by ordering shops in the capital, Sofia, to close one or two hours early and reducing electricity supplies to homes there.

Households in Sofia using more than a specified amount of electricity may have their power cut off for a month. Flats are permitted to have one 60W light bulb in the living room, a 100W bulb in the "study" and a 45W bulb in other rooms. The use of electric heaters has been prohibited.

Most electric appliances may not be used for five hours a day during peak hours in the morning and evening. Electricity prices have been increased above a certain consumption level and dropped for lower use.

The measures, which are to remain in force until next April, replace daily power cuts imposed after a severe drought virtually eliminated hydro-electric output. Breakdowns at coal-fuelled power stations because of poor maintenance have further worsened the situation.

The Government has also issued a decree, effective from January 1, to virtually eliminate public access to more than 300 hard currency shops.

Only Bulgarians with hard-currency bank accounts may use the chain of Corecon shops. Until now every Bulgarian with Western currency was allowed to shop in them which led to a brisk black market in the exchange rate of the Bulgarian lev for Western currencies. Bulgarians who earn Western currencies with government approval are the only ones allowed to open hard currency bank accounts.

Prosecution demands life sentence for Sindona

BY ALAN FRIEDMAN IN MILAN

THE MILAN public prosecutor has asked that Mr Michele Sindona, the Sicilian financier and former Vatican adviser, be sentenced to life imprisonment for allegedly arranging the murder in 1979 of Mr Giorgio Ambrosoli, a lawyer officially investigating his finances.

Mr Guido Viola, who last spring successfully prosecuted Mr Sindona for fraudulent bankruptcy in the 1974 collapse of the Banca Privata banking empire, also demanded a life sentence for Mr Robert Venetucci, a New York-born alleged Mafioso said to have been involved in the Ambrosoli's killing.

Last June Mr Sindona (64) received a 15-year Italian prison sentence in the Banca Privata case. He was extradited to Italy 14 months ago from a prison in New York, where he was serving a 25-year sentence for fraud and perjury in the 1974 collapse of the Franklin National Bank.

The Ambrosoli murder trial also includes charges that Mr Sindona engaged in extortion and threats of violence against Mr Roberto Calvi, late chairman of the collapsed Banco Ambrosiano, and against Dr Enrico Cuccia, now the Lazard Freres representative on the board of Mediobanca.

The prosecution claims Mr Sindona arranged for $50,000 to be paid to a hired killer who murdered Mr Ambrosoli in Milan. The lawyer had been appointed by the Bank of Italy to carry out the liquidation of Mr Sindona's Italian interests.

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MEPs pressed not to reject reform package

BY QUENTIN PEEL IN STRASBOURG

THE EUROPEAN Parliament was urged yesterday not to reject outright the reform package approved by EEC leaders at their Luxembourg summit, *including a modest increase in* the powers of the MEPs themselves.

As the members prepare to demand changes in the plans, Mr Jacques Santer, the Luxembourg Prime Minister and host of last week's summit, warned them they were in danger of "re-opening the whole debate."

"If we do not take this opportunity for change, nobody can guarantee another chance in the near future," he said.

MEPs made no secret of their dissatisfaction with the whole agreement, which offers them a chance to amend EEC legislation, but no real power of joint *decision-making with the member* states.

Mr Altiero Spinelli, chairman of the Assembly's institutional committee and father of its *draft Treaty of European* Union, said member-states had "failed to come up with a proper solution to any of the problems."

The MEPs were set last night to approve a motion describing the outcome as "unsatisfacory" and urging foreign ministers to make further changes when *they meet to finalise it next* week.

The key sentence in the resolution proposed by the institutional committee says that the *Parliament "cannot accept the* changes proposed in the EEC Treaty in their present state, *especially what is proposed for* the powers of the European Parliament."

The members, none the less, were less forthright in con*demning the reform package* than had ben expected. Mr Rudi Arndt, leader of the Socialist group, said the summit was "a disapointing exerience," but *that "some progress has been* made in a number of areas."

He said that reform of the Community was important and necessary if it helps to produce a co-ordinated strategy to tackle unemployment.

Mr Hans Nord, the Dutch Liberal spokesman on the reform, called for *specific* changes to satisfy the Parliament. These would give the MEPs the same rights of amendment over all decisions which the Council of Ministers decides by majority voting, rather than unanimity. They would also impose a time-limit on the Council itself to reach a decision, without which the Parliament's proposal would itself become the final regulation.

Mr Jacques Delors, president *of the European Commission,* said no one could expect member states to change their attitudes and practices overnight, such as British and Irish con*trols on rabies. Special safe*guards had to be provided.

The package nevertheless provided "a political commitment to bring about an internal market by *1992.*" The deal, he said, would give the Community system "a new lease of life."

Danes stay on the fence

BY HILARY BARNES IN COPENHAGEN

THE DANISH Parliament has failed to clarify the country's attitude to the EEC reforms agreed at last week's summit in Luxembourg.

The four coalition parties and the opposition Social Democrats all voted late on Tuesday night for a resolution confirming Danish policy in line with *resolutions passed in 1984* and 1985. These state that "the basis of Denmark's membership of the EEC is the preservation *of the veto right and the pre*sent division of competence between the Council, Commission and Parliament."

The Danes are not expected *to decide on the Luxembourg* reforms at least until after next week's meeting of EEC foreign ministers. The issue may drag on for weeks or even months *as the Government and the* Social Democrats attempt to force each other to accept responsibility for the deal.

Ministers try to head off budget revolt

By Quentin Peel

EEC BUDGET ministers were last night struggling to find the right combination of a little money and a few promises to persuade the European Parliament not to approve an illegal budget for the coming year.

The two sides of the EEC *budget process were locked in* negotiations on their spending plans, with most of the member states, including Britain, France, West Germany and *the Netherlands, determined to* keep the cost down.

Many MEPs want increases *of* up to Ecu 700m in the present draft of Ecu 32.7bn *(£20.3bn), especially for social and regional spending schemes.*

There was some hope last night of a compromise, if the member states promised to find extra cash in the course of 1986, if the European Commission can show that the money is needed for Spain and Portugal, and if the social and regional funds would otherwise run out of cash.

The Parliament's budget committee deliberately held back from calling for specific sums of money in an effort to reach a compromise. But the MEPs have expressed grave concern that the present draft will not be adequate to meet current commitments.

Parliament itself is divided over the right solution. A majority of the Socialist group, the largest in the assembly, would put at least Ecu 700m back into the total. Christian Democrats and French neo-Gaullists want a compromise of around Ecu 500m-Ecu 600m, while the Liberals and some Socialists would be prepared to settle for around Ecu 400m.

The ministers themselves *seemed very unlikely last night* to offer more than an extra Ecu 200m.

● The Commission is to press member states to comply with *a new convention on the protec*tion of animals used in scientific experiments, writes Ivo Dawnay in Brussels. The Council of Europe convention, approved *in May, has been open for signa*ture from last week.

It will also be seeking rapid approval for detailed Community legislation on animal *experimentation to ensure that* the provisions of the convention are enforced throughout the EEC.

US companies set to agree Soviet oil deals

BY PATRICK COCKBURN IN MOSCOW

US COMPANIES are likely to conclude an agreement on oil projects in the Soviet Union within a few months, Mr Dwayne Andreas, co-chairman of the US-USSR Trade and Economic Council said here yesterday after three days of meetings with Soviet officials.

The meetings, which brought 400 US businessmen to Moscow to talk to officials from 130 Soviet trading organisations, had a primarily political significance as the first opportunity for the two countries to demonstrate improved relations in the wake of the Geneva summit. "We are feeling the light breeze from Geneva," said Mr V. Shushkov, the Soviet co-chairman of the Council.

It is unlikely, however, that there will be a significant increase in trade so long as US restrictions on commerce with the Soviet Union remain fully in force. US exports to the Soviet Union were $3.3bn last year and imports $350m.

Mr Andreas said grain sales were likely to increase as US prices became more competitive with international prices. Credit for trade with the Soviet Union was also likely to become more freely available.

Both American and Soviet representatives at the meeting confirmed, however, that few contracts are currently being negotiated between the two countries. The two largest agreed recently are a $100m-$120m contract for Pepsico for bottling plants and an $80m one signed by Caterpillar, displaced from its previous pre-eminence in the Soviet market by Komatsu since 1979. Other *areas of mutual interest include* computer technology, agri-business and chemicals.

The development of the Soviet oil industry appears to offer the best chance for the award of large contracts to the US.

The Soviet Union is to increase its capital investment in the industry by 31 per cent next year, an unexpectedly sharp rise apparently reflecting concern about a severe energy bottleneck unless deep drilling in West Siberia is stepped up to locate more oil. Up to two months ago, Mr Gorbachev was still speaking of stabilising investment in the energy industry.

Foreign companies are expected to benefit from the speed with which the Soviet Union wants to carry out its energy programme. *Investment in the* coal industry, mainly in open cast mining, will similarly rise by 27 per cent next year. In the rest of the economy, Mr Gorbachev is concentrating on machine building, electronics and the machine tool industry. In all three areas speedy development implies heavy imports from abroad, say diplomats. Investment in agriculture has been cut slightly.

It is still not clear, however, how badly the Soviet Union's foreign exchange position will be hit by the drop in oil prices (oil and gas provides 75 per cent of hard currency earnings) and the fall in oil production this year to some 596m tons. Exports of oil to Eastern Europe were maintained last winter despite a cut in exports to the West and are likely to *be kept at present levels.* A drop in oil revenues is bound, eventually, to affect Soviet imports.

In his speech at a Kremlin banquet for members of the Council, Mr Gorbachev hinted at a reorganisation of the Foreign Trade Ministry which has monopoly control of Soviet commerce abroad, saying: "The USSR Government takes a fairly critical view of our foreign trade organisations.

A plan to hive off foreign trade organisations from the Trade Ministry—including those responsible for car, aircraft and tractor exports and Stanko-import which imports machinery — to the ministries responsible for these products, has been frozen since Mr Boris Aristov, the new Foreign Trade Minister, was appointed two months ago.

Bonn may have to ease strike proposals

BY RUPERT CORNWELL IN BONN

THE BONN Government may have to water down its contro*versial proposals to stiffen West* Germany's strike laws, if the draft changes due to be approved by the cabinet next week are to secure a majority *in Parliament. This became* clear yesterday as the coalition, the unions and employers separately took stock of the fraught situation after the *breakdown on Tuesday of the* tripartite talks, chaired by Chancellor Helmut Kohl.

*The proposals would essen*tially make it much more costly for unions to finance a protracted strike by removing the state's obligation to provide un*employment benefits for* workers indirectly made idle.

They have been bitterly attacked not just by the labour movement, but by the Green *and Social Democrat opposition* as well. However, the real warning signal for the Chan*cellor came yesterday when* some 50 members of his own CDU/CSU parties, who are sympathetic to the unions, signalled that they could not *back the proposed amendment* in its current form.

Mr Kohl, therefore, has asked Mr Norbert Bluem, the Labour Minister, to take another look *at the initial amendment pro*posals, before the cabinet meeting. The idea is still for *whatever draft emerges to* become law during 1986.

The unions have underlined their anger at the proposed change in the law — which they *claim is a deliberate bid to* limit their right to strike—with more protests yesterday, after the mass demonstrations, involving at least 350,000 workers, *which took place on Tuesday.*

US pursuing arms accord 'aggressively'

By Our Foreign Staff

THE UNITED STATES is moving "very aggressively" towards an arms control agreement with the Soviet Union, Mr *George Shultz, the Secretary of* State, said yesterday. However, he ruled out concessions on bilateral trade until Moscow improves its human rights per*formance*

Mr Shultz, who arrived in Brussels from London for a two-day Nato ministerial meeting, is due to go on to Yugoslavia, Hungary and Romania. He said that a date for next year's follow-up summit meeting between President Ronald Reagan and Mr Mikhail Gorbachev was under discussion. Officials said it was likely to be held in mid-summer.

Mr Gorbachev told 150 businessmen in Moscow on Tuesday that that could not develop adequately until Washington stopped its trade embargoes and granted Moscow most-favoured nation status.

Mr Shultz, who had talks yesterday with the Spanish and Turkish foreign ministers ahead of the Nato meeting, promised *concessions to secure the future* of American bases in Turkey and Spain.

The US has agreed yesterday to open negotiations on reducing its *military* presence in Spain to help Madrid win a referendum next March on staying in Nato.

Swedyards merchant shipbuilding at risk

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

SWEDYARDS, the Swedish state-owned shipbuilding group, warned yesterday that it will have to pull out of merchant shipbuilding unless the Government is willing to pump more aid into the industry.

The group said that it was impossible to continue merchant shipbuilding on "commercially acceptable terms."

Mr Olle Lund, Swedyards managing director, said that overcapacity in the industry was still very great. "Subsidies are growing again in competing countries and we see no possibility of operating profitably in this sector."

A Government decision to *maintain a merchant ship*building capacity would have to be backed by a special aid package, he said. The statement, which followed a Swedyard's board meeting called to discuss the group's survival strategy, could spell the death knell for Kockums in southern Sweden, the country's last merchant shipbuilding yard.

Kockums in Malmö, is one of the world's most efficient shipyards, but it is finding it virtually impossible to compete with heavily subsidised foreign shipbuilders, despite having cut its workforce by more than half in the last 10 years.

Kockums said last night it *would need SKr 200m of aid a* year to remain in business.

Only about a decade ago Sweden was the world's second largest merchant shipbuilding *nation after Japan, but during* the last 10 years yard after yards has been closed, despite aid from the state totalling around SKr 25bn (£2.2bn at current exchange rates).

The country's only other big remaining merchant yard, Uddevalla, is to close in the spring of 1986 with the loss of 2,400 jobs when its last two vessels are delivered.

Since 1974-75 the Swedish shipbuilding workforce has been cut from 31,500 to a present level of around 10,000. It will sink to some 8,000 by mid 1986.

yard has been closed, despite

Kockums, which has a work*force of some 2,800 of which* around 2,300 are engaged in merchant shipbuilding, is still fighting desperately for new orders but its future is bleak *following yesterday's announce*ment from the Swedyards parent company.

A final decision on the yard's future is likely to come in March, when the Government is to present a new Bill on the future of the shipbuilding industry to the Riksdag, the Swedish parliament.

With the decision 12 months ago to close the Uddevalle yard the Government showed, however, that it is determined to cut the flow of aid to shipbuilding.

Parliament decided in 1983 that aid to shipbuilding could continue in 1984-85 but that the industry must become profitable by 1986.

Swedyards is seeking to diversify from shipbuilding into engineering and contracting—only *around one-third of its 16,600* strong workforce is still engaged in the construction of ships.

OVERSEAS NEWS

US companies assail S.Africa police violence

BY ANTHONY ROBINSON IN JOHANNESBURG

THE American Chamber of Commerce in South Africa has added its voice to growing criticism of the security forces in black townships and called for an end to the state of emergency and action on promised reforms to head off growing disinvestment pressures in the US.

The chamber, which represents 300 of the estimated 350 US companies operating in South Africa which employ 120,000 people, including 70,000 blacks, added that continuation of the state of emergency, declared on July 21, would limit international involvement, increase unemployment and delay meaningful reform.

In a statement issued yesterday the chamber said that "continuing unrest is in many instances worsened by the lack of disciplined action by the security forces, particularly the police force."

Apart from ending the state of emergency the chamber called for action to create a unitary system of education for all races, the removal of influx control and the pass laws, which restrict the freedom of movement and residence of blacks, and what it termed "meaningful participation of blacks in Government through a recognised mechanism of dialogue."

The chamber's statement is the latest in a series of appeals by foreign and South African business organisations. It reflects the fear that police brutality, the ambiguity and slowness of the government's reform programme and continuation of the state of emergency in all the major industrial conurbations except Durban will lead to further disinvestment, the boycott of South African exports and difficulties in re-negotiating the $14bn of short-term debt covered by the debt standstill, which has just been unilaterally extended

It also adds to a growing volume of complaints against the police who have killed over 600 of the estimated 940 victims of the last 21 months of violent unrest in black and Coloured townships around the country.

Few allegations of police or army brutality are brought before the court but a Johannesburg magistrate yesterday found an army reserve sergeant guilty on charges of assault brought by three black newspaper reporters and a drinking club owner. The four told the court they had been beaten, kicked, bit with rifle butts, bitten by dogs, and driven around Soweto for hours on the floor of an armoured car after being stopped by an army patrol.

British shops boycott, Page 9

LEUTWILER GOES TO US

DR Fritz Leutwiler, the Swiss mediator between South Africa and its bank creditors, has flown to the US to discuss Pretoria's latest rescheduling proposals with banks there, Peter Montagnon writes.

Confirming the trip, a spokesman for the former Swiss central banker said it was "part of the sounding out process," but the visit is regarded as important because of the role played by US banks in precipitating South Africa's payments crisis through withdrawals of short-term credit.

The attitude of the US banks is thus crucial to the viability of Pretoria's latest proposals which call for a grace period until 1990 before repayments of some $14bn in frozen credits resume.

The proposals themselves have generated considerable confusion in the banking community generally. Banks are unable to see how South Africa's request for short-term debt to be rolled up into a five-year revolving credit fits in with the grace period, but there remain in the US in particular pressing demands for political change.

Bankers now say that the timing and nature of their next meeting with Dr Leutwiler and South African officials also depends heavily on Pretoria's response to this pressure. The meeting is not now expected before February in the hope that this will give South Africa time to announce significant steps towards the unwinding of apartheid before parliament reassembles in Pretoria after the summer recess.

Boycott of Pretoria white shops spreads

By Our Johannesburg Correspondent

THE BLACK consumer boycott of white shops in the South African capital city of Pretoria in protest against last months police killing of 13 people, including a two-month-old baby, in the nearby township of Mamelodi, has spread to Johannesburg and other white towns on the Witwatersrand.

The boycott is being strictly enforced by youths stationed at the entrance of townships searching people returning from work for goods purchased in white shops. On Monday a black man was shot dead by police in Munsieville, near the mining town of Krugersdorp, after police accused him of intimidation and destroying goods confiscated from returning shoppers. According to eye-witness reports another youth was also shot and wounded after throwing stones at the police.

In the past boycotts have been enforced by youths forcing people to drink detergents and cooking oil and burning clothes and other items. Reports from Soweto and other townships indicate that illegal drinking club owners are also being harasssed to stop selling alcohol and cease dealing with white wholesalers.

Anti-police feeling is running high in Mamelodi after the death of the 13 people on November 21 and the refusal of Mr Louis le Grange, Minister of Law and Order, to institute a commission of enquiry as demanded by local residents and the white opposition Progressive Federal Party.

Two days ago the mutilated and burned body of a 23-year-old black police corporal was found in the township, several hours after a crowd of black youths had dragged him out of a house in Mamelodi where he was visiting his girlfriend.

Gruesome memories of past violence were also resurrected yesterday in the Eastern Cape township of Kwanobuhle near Uitenhage, where ten blacks accused of the murder last March of Mr Benjamin Kikikini, a local funeral parlour owner, and five of his family and friends, were taken by police back to the scene of the crime.

Television film of Mr Kikikini and his family being hacked and burned to death shocked the world

Australia's trade balance shows sharp improvement

AUSTRALIA'S trade balance showed a sharp improvement last month, moving from a deficit of A$562m in October to a surplus of A$20m (£9.4m) as exports rose by 7 per cent and imports slumped by 12 per cent, writes Our Sydney Correspondent. Seasonal factors were at work, but the turnaround also indicated that this year's sharp depreciation of the Asutralian do lar is at last cutting into Australia's ballooning import bill. However, further marked improvement over the next few months is seen as essential.

At A$758m the current account deficit in November was less than half the deficit of the previous month. Net apparent capital inflow was A$163m lower at A$1.4bn, while official reserve assets fell by A$139m to A$12.6bn. For the first five months of Australia's 1985-86 financial year, the trade deficit was A$1.3bn, or A$475m higher than the deficit for the five months ended November 1984.

The current account deficit for the first five months was A$1bn higher at A$5.8bn, with the increased trade deficit augmented by an A$569m rise in the net invisibles deficit. The Bureau of Statistics said yesterday that over the first five months, exports were 18 per cent higher at A$13.9bn, with non-rural exports rising by 19 per cent. Over the same period, imports were 20 per cent higher at A$15.2bn, with machinery and transport equipment (including aircraft) accounting for about 60 per cent of the overall increase.

Michael Thompson-Noel reports on Hawke government hopes for a quiet Christmas

Labor keeps fingers crossed over currency

WITH THE long weeks of summer stretching out ahead, Mr Bob Hawke's Australian Labor Party Government was quick to extract what joy it could from yesterday's trade figures. Mr Paul Keating, the Australian Treasurer (Finance Minister), looked as chirpy as ever in forecasting steady improvement in the trade figures from now to the end of next year.

Nevertheless, the Government is keeping its fingers crossed, hoping that the Australian dollar does not suffer another setback of the queasiness that hit it in late October. At the start of this year, it fell swiftly in response to market worries about Mr Hawke's diminished credibility as Labor leader.

By September, the Government had picked itself up and was hoping that its macro-policy approach, designed to maximise growth and fight inflation simultaneously, was back on course.

Then came a run of bad news about inflation, the balance of payments, the money supply and wages, that saw financial markets again turn their thumbs down.

The currency fell dramatically, so that at the end of last month, its trade-weighted index (TWI, May 1970=100) stood at 60.9, or 27 per cent lower than at the end of November 1984. Last month alone, it fell by 2.2 per cent against the US dollar, 4.6 per cent against sterling, 5.6 per cent against the mark and 6.5 per cent against the yen.

As a result, the Government again had to respond with a significant tightening of monetary policy, supported by increased intervention by the reserve bank in support of the Australian dollar.

As Lloyds Bank NZA said this week, the next big test will come with the "trifecta" of announcements next month detailing the December quarterly consumer price index figures.

With most Australians propped on beaches, the Government is hoping for a quiet Noel so that it can capitalise on its much-improved political fortunes. Last weekend's win for Labor in the South Australia state election has boosted Labor federally and plunged the Liberal Party, under new leader John Howard, into soul-searching gloom.

Mr Keating: chirpy.

The Government is also striving to put a brave gloss on things in the face of what are currently the world's highest real interest rates.

The general view is that the Government will continue to work to defend the currency, and to raise it relative both to the US dollar and, most importantly, the TWI.

First, the exchange rate is crucial to budget growth assumptions which impinge on its promises on employment and on the tax cuts promised for next year as part of its renegotiated pay accord with the unions.

Second, the exchange rate is crucial to the outlook for inflation, still regarded as the main danger to Labor's policy approach and to its hopes of a third political term.

On most estimates, inflation is expected to be running at about 8.5 per cent at the end of this year, to peak at a little under 9 per cent next March, and to ease grudgingly to about 8 per cent for the 12 months ended next December.

According to a check list compiled by Macquarie Bank, factors likely to have a neutral or positive impact on the Australian dollar in coming months include the broad money supply (generally stabilising), the balance of payments (due for a sizable improvement), relative interest rates (gaps are large, particularly at the short end), and market confidence (the key danger being premature easing of tight monetary policy).

Factors likely to have a neutral to negative impact on the currency, says the bank, include consumer prices, relative inflation, relative growth, and overall policy mix (the main concern here being alarm at the way wages growth is locked in by the accord).

Yesterday, Mr Keating ruminated philosophically on the ups and downs of trade, noting that Australia had enjoyed an "up" month. Whether the Australian dollar takes heart may be a different matter entirely.

Unicef condemns IMF policy in Africa

BY PETER BLACKBURN IN ABIDJAN

DRACONIAN economic adjustment programmes imposed on sub-Saharan African countries by the International Monetary Fund and World Bank are strongly criticised in a report released yesterday by the United Nations' Children's Fund (Unicef).

The report, "Within Human Reach — A Future for Africa's Children," criticises adjustment policies as having an "overriding pre-occupation with international monetary concerns and are consequently unable to bring improvements to Africa."

The report argues instead that adjustment should aim to preserve the "human dimension," ensure a durable balance of payments equilibrium, and promote long-term development.

Senegal's Minister for Planning and Co-operation, Cheikh Hamidou Kane, says in a foreword that "practically identical" adjustment measures have been enforced from one African country to another. He argues that African countries are neither homogeneous, nor do they function to a standard macro-economic model.

The report complains that adjustment policies focus entirely on debt repayment. This results in severe restrictions on credit and budget deficits, which make it difficult to maintain existing infrastructure and industry or finance economic development.

As governments are reluctant to lay off staff, cutbacks in public spending usually result in a running down of social services, the report notes.

● Unicef's annual "State of the World's Children" report, also released yesterday, stresses the importance of immunisation and oral rehydration therapy (ORT) in saving children's lives. Unicef's Abidjan-based regional director for West and Central Africa, Mr Bertram Collins, said: "Over 1m children have been saved during the past 12 months by the diffusion of two of the cheapest techniques of protecting children — vaccination and ORT."

But 15m of the world's children under five still die each year (compared with 22m a year in 1960). Unicef's vaccination programme, which aims to immunise all the world's children by 1990, could halve this death toll, says James Grant, Unicef executive director, in the report.

MORE OVERSEAS NEWS, PAGE 6

Israel seeking $3.55bn in aid

Israel yesterday asked the US fo raid totalling $3.5bn for fiscal 1987, writes Lynne Richardson from Tel Aviv. Israel received $3.75bn in grants and supplementary payments for 1986.

However, a proposal to cut interest rates on standing loans has been dropped, officials said. The move, which could have saved Israel more than $500m, was considered inopportune in light of the Pollard spy affair.

Hussein for Damascus

King Hussein of Jordan has accepted an invitation to meet Syrian President Hafez al-Asaad in Damascus, Reuter was told yesterday in Amman.

AMERICAN NEWS

Sarney struggles to get more service out of his uncivil servants

A STORY circulates in Brasilia about a lion who walks unnoticed into a government office and quickly devours a department head, the chief accountant and the legal counsel, writes Richard Foster in Brasilia. Only when the lion eats the waiter who serves coffee do the employees corner the beast and send him to the zoo.

The moral is easily understood by Brazilians—government is a place where one is served, not where one serves. Colonised by Portuguese kings who tightly centralised administration, Brazil continues today with an inert elephantine bureaucracy the government has trouble motivating.

With 21 ministries and 425 state-owned companies, the federal government employs about 2m people, or 4 per cent of the country's workforce. This is not unreasonable when compared to other countries, according to Mr Aluisio Alves, the Government's chief personnel officer, whose title is Minister of Administration.

The problem is not size but, as President Jose Sarney is discovering, complacency and arrogance. Early this month, Mr Sarney ordered the government's fleet of official cars to be auctioned, leaving only enough vehicles for ministers and company presidents. On the Friday the order was published, dozens of black government Chevrolet Opalas queued at Brasilia's airport, ferrying their charges to their flights home for the weekend.

Several of the chauffeured officials caught red-handed by a television reporter dashed for the check-in counter. But one looked the camera boldly in the eye and said such an order would not work in Brazil.

Cutting out luxuries is part of an attempt to re-establish discipline and a sense of public service. The Government feels this is a matter of political survival. Other presidential orders far more important than selling the cars have not been carried out.

After 20 years of military presidents who built highways, dams and steel factories but let social investments slide, the Sarney Government took office in March this year with a promise of subsidised food for the urban poor. Six months later, not a slice of bread had been distributed.

The government agency responsible was "not used to this kind of activity," according to a Planning Ministry official.

How can an unresponsive bureaucracy be made useful again? Mr Alves, a veteran politician who began as a state legislator 40 years ago, rejects mass firings. Brazil, he says, must do what President Franklin Roosevelt of the US did during the great depression—create jobs.

Requiring public examinations for civil service entry is easier said than done because it creates legal problems with veteran employees who never took tests. Mr Alves expresses confusion at how to modernise salary policy in a government which pays its employees on 344 designated levels. In short, there are no easy solutions and Mr Alves is considering a run for the Senate and may resign his post in February.

Civil service reform will not happen until society demands it, according to another of Brazil's administrative trouble-shooters, Mr Paulo Lustosa, special minister for reducing bureaucracy. Most Brazilians see nepotism in government as a way of life, he says.

There is little doubt about the accuracy of this observation. Several ministers in the current reformist government have more than one relative in their employ. President Sarney hired his daughter as his Congressional liaison officer and her husband as his private secretary.

Brazil expected to seek extension of maturing debt

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

BRAZIL is expected to seek a one to two year roll-over of debt maturing after January 17 as well as a reduction in interest spreads at talks starting in New York today between Mr Fernao Bracher, Central Bank Governor and a committee of leading banks headed by Citibank.

The talks will mark the first meeting between the two sides since Brazil made it clear that it no longer intends to seek an International Monetary Fund programme.

Tensions between Brazil and its bank creditors have also been exacerbated by the refusal of the authorities in Brasilia to honour in full the foreign debts of three banks closed recently.

But bankers say that Brazil's approach to the talks indicate it is determined to see how far it can go in pushing for assistance from bank creditors without the support of the IMF.

Mr Bracher is also likely to ask for an increase in the amount of short term credit available from international bank lenders. Currently this total stands at $10bn (£6.9bn) but commitments are due to expire on January 17 alongside short-term money market lines of nearly $6bn.

Brazil argues that the strength of its external account —the trade surplus this year is likely to come close to the $13bn posted for 1984 and the current account balance is almost in equilibrium—means that banks no longer need the support of the IMF.

Against this, the margin of $2\frac{1}{8}$ per cent on rollovers of existing credit looks unfairly high, officials argue. Had Brazil been able to agree a rescheduling from the start of this year it might have saved some $500m in 1985 alone as a result of margin cuts.

Brazil also argues that an increase in short term trade credits would allow both exports and imports to expand, helping to promote growth as well as generating resources for future debt service.

But there remains considerable doubt in the banking community over the degree to which Brazil should be helped without an IMF agreement. Brazil has recently announced a programme of budget cuts but it has not asked the IMF even to monitor its economy.

Normally the IMF would only undertake such monitoring following a request from the country concerned. This means it is not in a position to give banks much guidance on the Brazilian issue.

Bankers argue that Brazil's standing with its creditors has suffered because of the IMF issue which leaves worries about inflation unresolved and because of its failure to honour the debts of banks closed recently.

So far it has not even proved possible to persuade all 560 bank creditors to agree t1 the current rollover arrangement, which was endorsed by leading banks in the late summer.

This means that there is unlikely to be a speedy agreement on a further rollover of existing loans, particularly for a period as long as one to two years.

Exchange rate Bill considered

By Nancy Dunne in Washington

LEGISLATION designed to help weaken the dollar and to establish a commission exchange rate reform will be considered by the US House of Representatives banking committee today.

Meanwhile, the International Monetary Fund (IMF) weekly survey has reported a series of studies casting doubt on the effects of exchange rates on trade.

The legislation, which passed a House banking subcommittee on Tuesday, calls for the creation of a US strategic currency reserve which could be used to buy other currencies to bring down the dollar.

The Bill would also set up a government commission exchange rate reform with a mandate to produce recommendations within six months. Similar proposals are afloat in the Senate, and, although none are expected to pass before the year's end, Congress is expected to return to exchange rate reform next year.

The moves towards exchange rate reform have been spurred by the US trade deficit. The Commerce Department yesterday reported that the nation's merchandise trade deficit on a balance-of-payments basis widened in the third quarter to a seasonally adjusted record $33.14bn (£22.7bn).

However, according to the recent IMF studies, currency reform cannot be expected to serve as a panacea for US trade troubles.

David Gardner reports on the problems facing the newly elected president of Guatemala

Cerezo treads cautiously on road to reform

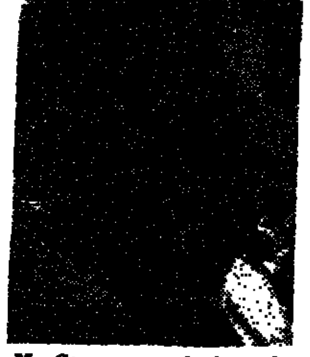
MR VINICIO CEREZO, the young Christian Democrat who on Sunday won a convincing victory in the run-off election for the Guatemalan presidency, takes over from the military regime next month with what is, by local standards, a flood-tide of hope carrying him forward.

He will need it to surmount the formidable obstacles he faces in re-establishing democracy in what is the largest and most traumatised country in civil war-ridden Central America.

After 31 years of brutal military rule, underpinned by a paramilitary influence based on the landed oligarchy and sectors of business, Mr Cerezo confronts awesome problems.

The military remains firmly entrenched and sees itself as victorious in a 25-year-old struggle with a still-vigorous left-wing insurgency which has cost over 100,000 lives. Along with a collapsed economy, which in 1985 records a fifth straight year of falling, per-capita growth, this could undo the mildly reformist strategy of the new civilian government.

Tactically, the centre-right Christian Democrats assured their election victory by giving undertakings to the military and the private sector that their power and privileges would not be interfered with. Strategically, this appears to rule out badly needed structural reforms, in particular to the land tenure and tax systems, which Mr Cerezo so far has breached with extreme caution.



Mr Cerezo: convincing win

He also promised to end human rights abuses, to give full fredom to the political and the labour movements; to tackle the death squads, to strengthen the judiciary; and to improve living standards for workers and the Mayan indian peasants, who are a majority of Guatemala's 8m people.

Such promises are generally viewed sceptically in a country which has seen the most savage violence witnessed in Latin America for generations.

Mr Cerozo has said he will can gradually win over the guerrillas to the democratic process. He would grant them the right to bear arms in self-defence—a right many Guatemalans, including himself, exercise anyway.

But any serious attempt to deliver on both sets of undertakings risks a collision.

The army will retain control over security and counter-insurgency, maintain a loud voice in development, transport and communications policy, and will have the right to name the Defence Minister.

Its physical control over the population remains largely unimpaired through the Civil Defence Patrols, into which nearly 1m Indians in the central highlands have been press-ganged, and through the network of Vietnam-style "strategic hamlets" further north.

Mr Carezo has said he will make the patrols voluntary, but leave intact the garrisoned hamlets, "though this is not our model of development."

He said in an interview last month that he would be prepared to sack a Defence Minister, and would reserve the right to appoint the chief of general staff and intelligence chief. The army's budget would be strictly tailored to security needs.

Though the Christian Democrats have lost nearly 400 of their leaders and militants to death squads, there is no chance Mr Cerezo will follow in the steps of President Alfonsin of Argentina and bring the officers responsible to book.

The private sector has been assured there will be no nationalisation, agrarian or tax reform. The fortunes that senior officers have made from public enterprises have, in any case, discredited the idea of state control, but Guatemala has little hope of climbing out of its economic trough without expanding its ludicrously low tax base (6 per cent of GDP last year) and widening its national market.

The latter means incorporating the bulk of the peasantry, currently kept at subsistence levels at best by the most feudal land tenure system in Central America. Less than 3 per cent of the population holds around 65 per cent of the land, in giant coffee, sugar and cotton estates which rely on impoverished peasant labour (typically paid just under $1 a day during harvest) to keep up with falling commodity prices.

Growing sectors of industry, which invested heavily at the end of the 1970s, aiming at the Central American common market of 25m people, understand the need for reform. When Central America sank into war, they were thrown back onto the domestic market, which was then immediately cut back to the 2m or so urban population once the army started its "scorched earth" clearing of the countryside to isolate guerrillas.

Though Guatemala's foreign debt, at around $3bn, is low by regional standards, much of this is short-term falling due in 1986-87, with a debt service bill in these years rising to 40 per cent. Hence, there are great hopes in aid from the US, Europe (particularly from West Germany) and Venezuela.

US aid was cut off in 1977 by the Carter Administration because of the country's human rights record. But now Guatemala fits the US-inspired prototype in Central America—like El Salvador and Honduras—of a centrist government talking plausibly about reform, with the military firmly in control of security.

But the Salvadorian and Honduran models are cemented by US aid appropriations of $483m and $231m, respectively, this fiscal year and nobody foresees anything like these sums for Guatemala. "History is against this country," says a senior western military analyst. "The army killed a lot of people, and it's going to take a lot of convincing in Washington to get them to change their minds."

But Mr Cerezo has a lot of good will to start with. Mr Mario Solorzano, a Social Democrat, who courageously returned from exile to fight the election and gave his votes to Mr Cerezo in the second round, insists that "the worst thing we could do is assume that we can do nothing."

Gen Guillermo Echeverria, Guatemala's most senior officer, forced into retirement last year after calling for a return to democracy, says the army will defend its economic and political power, and will expect to be consulted on issues ranging from land reform to foreign policy. The Government will be too weak to confront the past, he believes, but there is hope: "The people are getting more resistant to coups d'etat . . . and are more prepared to support their president."

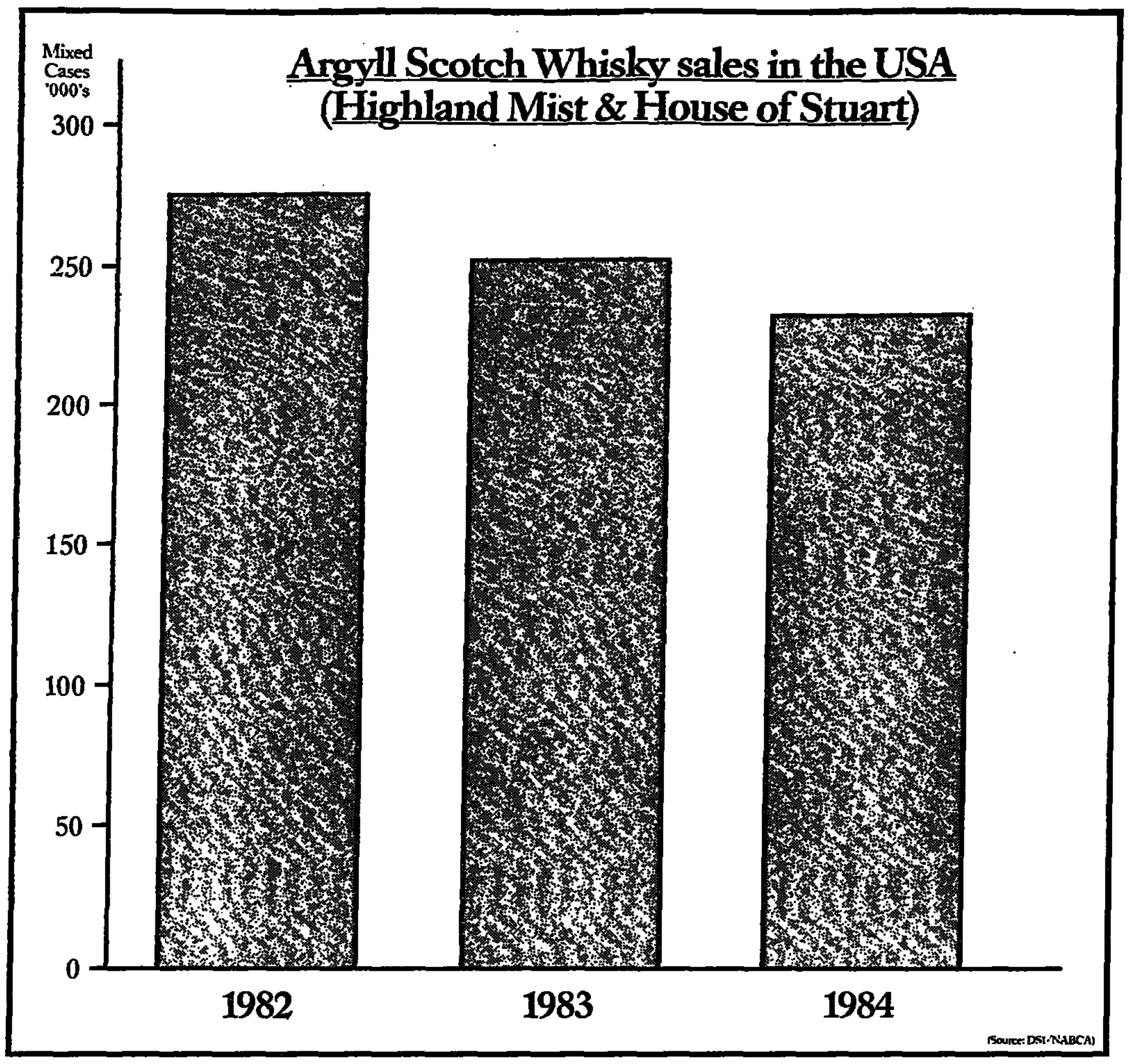
El Salvador, Honduras to take border dispute to court

BY OUR FOREIGN STAFF

EL SALVADOR and Honduras have agreed to submit their border dispute to the World Court in the Hague. The submission is expected within six months.

The dispute dates back to the break-up of the Spanish empire in Central America and the two countries' independence in the early nineteenth century. The countries have regarded each other with continued hostility and in 1969 they fought a four-day "football war," triggered by the results of two World Cup football qualifying matches.

Since then parts of their 420 km border have been agreed but a number of areas are still claimed by both sides.



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WELLINGTON'S BAN ON N-WEAPONS WEAKENS ANZUS

NZ allies move to fill the gap

BY ALAIN CASS, ASIA EDITOR

AUSTRALIA AND the US are expected to move quickly to reinforce their military ties following the introduction of anti-nuclear legislation in New Zealand which in effect cripples the Anzus alliance between the three countries.

US diplomats said yesterday they would continue a dialogue with Wellington in an effort to limit the damage caused by the legislation, introduced in parliament on Tuesday, which bans nuclear-powered or armed ships and aircraft from visiting New Zealand.

Britain, which also has close military ties with New Zealand, has been invited to comment on the legislation and will do so "in due course."

If it was clear that Anzus has broken down, Australian Foreign Minister Bill Hayden (left) said yesterday, then his country would cement its military relationship with the US.

But officials were deeply pessimistic that a compromise could be found to either save Anzus in its present form or preserve military ties between New Zealand and its oldest allies such as Britain and Canada.

"What New Zealand has done through this move," said one Australian official, "is effectively remove itself from the Western alliance."

While other officials in Britain and the U.S. were more cautious, it seems clear that the anti-nuclear stance of Mr David Lange's Labour Government has undermined the principle of collective security in the Pacific and, as a result, has thrown into question New Zealand's reliability as an ally. It marks a dramatic shift in policy by New Zealand, particularly represented by the pro-Anzus stance taken by Sir Robert Muldoon, Mr Longe's predecessor.

The US is worried New Zealand's move could prompt other countries with strong anti-nuclear lobbies, such as Japan, Australia, Norway and Denmark, to go the the same way.

If, as seems likely, the bill is passed into New Zealand law next year without significant amendments, the US is expected to suspend formally the Anzus treaty. The treaty, signed in 1951 was originally an anti-Japanese pact and provides for the US, New Zealand and Australia to consult in the event one of them is threatened.

Australia will maintain separate military ties with New Zealand despite its intense irritation with Mr Lange's government. Mr Bill Hayden, the Australian Foreign Minister, said yesterday that "if it is clear that Anzus has broken down" his country would move to cement its military relationship with the US.

The Australian connection is vital to the US which maintains several communications installations in Australia essential to American nuclear strategy. For its part Australia regards the US link as the sheet anchor of its defence policy.

Officials in Australia and the US said that neither country would want to scrap the Anzus treaty in case a new government in Wellington changed the anti-nuclear policy. But some new bilateral agreement between Washington and Canberra would be necessary, such as letters of understanding.

Washington has already severed most defence ties with New Zealand including joint exercises and exchange of intelligence. The New Zealand ban on nuclear vessels directly affects the operations of the US Pacific fleet which has about 500 vessels, 40 per cent of which are nuclear-powered and many of which are nuclear-armed.

US operations in the Pacific are already being undermined by the growing presence in the region of the Soviet Union's fleet and the political instability in the Philippines which threatens the Subic Bay and Clarke Air Base facilities there.

The US rejects Mr Lange's claim that the anti-nuclear legislation is compatible with New Zealand's membership of Anzus.

Although the US Administration has said trade ties with New Zealand will not be affected by the row, pressure for retaliation is bound to mount.

New Zealand is particularly vulnerable in the international dairy market which provides more than one-fifth of the country's export earnings. The US is also New Zealand's biggest beef market.

The US Administration, and the Pentagon in particular, has traditionally fought for preferential treatment for New Zealand. The US has argued that if, as a friendly ally, it could not sell its products, New Zealand could not afford to buy the military equipment to play its full part as a Pacific defence partner.

The new legislation also raises a question mark over Britain's relations with New Zealand. Mr Lange's government is likely to be blackballed from a committee for the exchange of intelligence which groups the US, Canada, Britain, Australia and New Zealand.

Whiteball officials, speaking "more in sorrow than in anger" at the behaviour of an old and valued ally, conceded that other ties with New Zealand, such as armed forces training and arms procurement, would inevitably come under review, although there is no question of these being affected at the moment.

Hong Kong plans 5-year budget forecast

THE HONG KONG Government next year wil present a five-year budget forecast along with its annual budget, Sir John Bremridge, the Financial Secretary, said, AP reports from Hong Kong.

He said the forecast, which is expected to accompany the colony's first balanced budget since 1982, would be a planning device that would depict expected revenues and expenditures over the next half-decade. It also would reflect proposed movements of funds.

In a speech to the colony's Legislative Council, Sir John also said the Government remained committed to "the lowest possible direct taxation," and indicated that taxes would not be raised in the coming fiscal year, which begins in April.

Sir John implicitly downplayed the need for a discount borrowing window for banks in the colony. He told the Executive Council that Hong Kong's larger banks would assist soundly managed smaller banks which suffer from temporary liquidity troubles. Failing that, he said, banks in trouble could approach the colony's Secretary for Monetary Affairs for advice or direction in obtaining fresh funds.

Only then, Sir John said, would the Government consider aiding a bank with money from Hong Kong's Exchange Fund, which comprises the colony's foreign exchange reserves. He noted that the Government would not protect a bank from the consequences of mismanagement or fraud.

● Ji Pengfei, head of China's Hong Kong and Macao Affairs Office, conferred with Sir Edward Youde, Hong Kong's Governor, yesterday on his mission to gain first-hand knowledge of the British territory, which will revert to China in 1997.

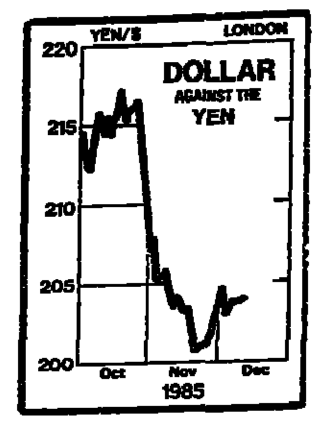
The talks lasted for more than an hour, a government spokesman said. He gave no further details.

Ji is the highest-ranking Chinese official to visit Hong Kong since the Communists conquered mainland China in 1949. He arrived on Tuesday for a 13-day tour.

Political tactics and a rising yen push Japanese prices up in US

BY TERRY DODSWORTH AND PAUL TAYLOR IN NEW YORK

AMERICAN consumers are suddenly witnessing an unfamiliar phenomenon. A wide range of their favourite Japanese products — Honda Cars, NEC Computers and Sony television sets—are going up in price, while the cost of their domestic counterparts is being held steady.



The spate of price increases announced by Japanese companies in the past few weeks is the first evidence that the dollar's sharp decline against the yen is beginning to bite. The Japanese car companies are on average putting up their prices by 4 per cent, Sony has announced increases of between 5 and 12 per cent on consumer electronics equipment and several semiconductor manufacturers are raising chip prices by as much as 20 per cent.

On the face of it, the higher prices are an inevitable response to the 17 per cent depreciation in the US currency's value against the yen over the past 11 weeks. But in reality Japanese importers are being influenced by a variety of tactical considerations.

Part of the reason for the price hikes is pure political expediency. Many Japanese manufacturers have found themselves pinned against the wall in the last year by the wave of protectionist sentiment sweeping through America.

It did not go unnoticed that NEC's announcement of a 20 per cent increase in certain chip prices in the US came the day before the US Commerce Department was due to rule on a highly-publicised anti-dumping petition.

NEC's action failed to head-off a negative Commerce Department ruling—but nevertheless *it is viewed as a symbolic gesture.*

Similarly there is a political element behind the decision of virtually all the Japanese car makers to launch their second price rise within two months. The Japanese motor companies followed the lead of their American rivals in October by announcing model year increases of around 4 per cent. Now they are pushing prices up again.

Mr Roger Vincent of Bankers Trust says he believes the Japanese car makers could have absorbed the dollar decline by trimming their margins. Based on current selling prices, he calculates that at anything over Y215 to the dollar the Japanese car companies effectively make windfall profits and that break-even point on their US sales might even be as low as Y180. For several years the car companies have used the Y215 exchange rate in their budgetary planning, he says.

At Y200 to the dollar the Japanese companies may have been becoming edgy about their margins. But they were probably swayed as much by the clear signals coming from Washington that the dollar's decline had to be accompanied by price rises on imports.

The urgency of such a move by the Japanese car makers has been underscored by the growing slice of the domestic market importers have been taking since the "voluntary" restraints on Japanese car imports to the US expired in March this year. According to the latest figures imports garnered a near-record 32.4 per cent of US car sales in November, and the Japanese manufacturers have all been increasing their shipments.

"They don't really need the price increase at the moment," says Ms Wendy Beale, a motor industry analyst at Smith Barney, the New York securities company. "Because they have hedged their currency risk up to the end of the first quarter. But they have been worried that quotas would be reimposed."

Consumer electronics manufacturers are in an entirely different situation. In the television and audio sectors there are now only a handful of small indigenous *US manufacturers* left. There is thus little point in the US trying to force up the prices of the Japanese manufacturers in these industries in order to shelter US producers. Indeed, the anti-inflation ambitions of the American authorities suggest that they would be happier to see Japanese prices for such products come down.

For this reason, analysts are taking pronouncements on price increases for television sets, music centres and the like with a large pinch of salt.

Mr Takashi Harino, a New York based analyst for Nomura, the Japanese securities group, says that in his view competition in the US is so fierce that it will be extremely difficult for the Japanese producers to push through any generalised price rise.

"They have experienced sharp yen appreciation in the past, and their earnings did not necessarily decline.

Mr Harino clearly does not believe that Sony will ultimately increase its prices by the amount it has announced. If this is true, there will not be much opportunity for other Japanese companies to act either.

The extent of the competitive war in consumer electronics this year is underscored by what has happened to the price tag on compact disc players one of the hottest new products in the industry. Introduced by Sony in 1983 at prices ranging between $900 and $1,300 per player, the base price has plummeted to just under $300.

Similarly, Sansung, the South Korean company, says that it was originally intending to introduce its first video cassette recorder to the US market at a price of $275. By the time the equipment was ready for launch a few months later, it had been forced to drop the price to $200.

The Samsung example is interesting because it is via the Koreans — and to a lesser extent the Taiwanese — that a great deal of the pressure to hold down prices is coming in US markets. While the Koreans have *benefitted from a slight de*cline this year in the value of their own currency, the won, they are proving worthy opponents on the technological front, just as the Japanese were.

It has become doubly important for the Japanese to defend themselves against losing market share to the Koreans because the US is now such a central part of their activities. Sony's sales this year will almost reach $2bn, or more than a third of the group's worldwide total, while Matsushita's US revenues will top $3.8bn.

In the car sector, Toyota has sales of around $5.5bn in the US, and Nissan 16bn. For them, the dilemma posed by the Koreans is particularly troublesome, because they are being clearly pressed by the political realities to raise prices, while the Koreans are preparing to attack by bringing in the Hyundai range at bargain-basement prices.

Toyota races in to sleepy Georgetown

BY PAUL TAYLOR IN NEW YORK

UNTIL YESTERDAY about the only claim to fame that could be made by Georgetown, Kentucky, was that it was the birthplace of Bourbon—the American answer to scotch whisky. Local legend has it that Elija Craig, a Baptist preacher and town founding father, invented the process by which bourbon is made in about 1798. But even that is in dispute.

What is not, however, is that Toyota's decision to site its first US car assembly plant amid the rolling hills, bluegrass fields, tobacco farms and horse breeding ranches of 188,000-acre Georgetown County means big *changes for the sleepy town of* 10,972 people, whose most illustrious former citizen was probably Richard M. Johnson, vice president under Martin Van Buren between 1837 and 1841.

Georgetown residents are unaccustomed to rapid change. Police Chief Eddie Chesser was quoted yesterday in the USA Today newspaper as saying the town "is probably moving eight to 10 years behind the times." He also noted the crime rate in the area is "real low" and the last murder he remembers was back in 1978.

Yesterday there was a sense of feverish excitement in the town where about the biggest event in the Optimist Club's Christmas parade up main street and the main talking point until a few days ago was the local high school basketball team's second bid for the state championships.

Average income in the town is a modest $9,195 a year. The nearest cinema and off-licence is 17 miles away in Lexington, Kentucky and the only other major local industrial employer is Hoover Universal's auto-parts plant which provides jobs for 590 workers.

Unemployment stands at just 4 per cent—but the tobacco industry's troubles has been a growing concern to local residents. Now they see the $800m (£548m) Toyota plant as a way of persuading their children to stay in bluegrass country.

In the meantime locals find themselves in the spotlight of television crews, reporters and speculators descend on Georgetown. Residents are talking about a gold-rush-type boom the likes of which Georgetown *has never seen. Aside from the* 2,000-3,000 car jobs the plant will create when it opens in 1988 the Toyota venture is expected to bring thousands of service industry jobs to the area.

Even before groundbreaking some Georgetowners have already made it rich. One local farmer has agreed to sell 115 acres of his 700-acre tobacco farm on the outskirts of the town to Toyota for $690,000. Twelve months ago he would have been lucky to get a third of that price.

Land prices, depressed by the problems of the farming sector, have risen by about $1,000 an acre in recent months and a three-bedroom house now costs about $70,000.

But despite the excitement some Georgetown residents oppose the plant fearing it will *destroy the town's quaint and* sleepy atmosphere. Others insist life in the town won't change too much. Georgetown, they say, will remain a little big town.

Lisbon changes mind on telecom deal

By Diana Smith in Lisbon

PORTUGAL's month-old Social Democrat Government has gone back on the decision of the previous Administration to jointly award manufacture of the country's future $1.2bn digital switching telecommunications systems to West German and French companies.

While supporting the view of telephone company technicians that Portugal should opt for two different digital systems, Mr Oliveira Martins, the new Telecommunications Minister, has announced that his Government only confirms acceptance of Siemens of West Germany for a 55 per cent share of the initial $98m phase of digital switching.

Siemens will work with the Portuguese telecommunication equipment manufacturers Centel. It has always been felt that Portuguese companies must have a prominent share in the new systems ensuring job creation, technology transfer and growth of the country's small new-technology industries.

Mr Oliveira Martins did not confirm the 45 per cent share of the system awarded by the previous Government to France's Alcatel-Thomson. He said Alcatel had twice missed deadlines for an agreement with Standard Electrica, the Portuguese subsidiary of ITT, to acquire 88 per cent of Standard's capital, and for submission of its investment project to the authorities.

This, according to the minister, means the telephone company CTT/TLP now has six months to consult the companies that originally bid for a share of Portugal's largest-ever investment.

Among the original bidders were Nippon Electronics, Ericsson of Sweden, ITT (which earlier this year revealed plans to invest $36m to modernise and expand Standard Electrica, gearing it to digital manufacturing), and AT&T in association with Philips of the Netherlands.

UK NEWS

N. Sea partners award £100m platform orders

BY OUR ENERGY STAFF

THE SHELL/ESSO partnership yesterday awarded more than £100m of North Sea platform orders to UK yards. The six contracts for the Tern and Eider fields will provide direct jobs for 2,300 people and indirect employment for a further 1,000, Shell said yesterday.

The £910m Tern development was deferred by Shell/Esso three years ago because of technical and fiscal uncertainties. But it remains vulnerable to a collapse in oil prices and will most likely be profitable only if oil prices in 1989 – when production starts – are higher than they are at the moment.

Four of the contracts, worth £87m, have gone to yards in the north-east of England, while the other two, valued at £22.5m, have been awarded to Scottish yards.

The recipient of the contracts are Whessoe Offshore, Cleveland Offshore, RGC Offshore, Davy Offshore Modules, Redpath Engineering and Lewis Offshore.

The platforms of the Tern field and the £640m Eider field will stand within 10 miles of each other about 100 miles north-east of Shetland. So far £160m of contracts and orders have been placed for Tern, with more than 90 per cent going to British industry. Eider's contracts now total £100m, of which 89 per cent have been placed in the UK.

Yesterday, the president of Hamilton Oil, the first company to bring oil ashore from the North Sea, called for production restraint among North Sea producers to help to stabilise oil prices. Mr Frederic Hamilton admitted, however, that the UK Government did not share this view.

Shell is clearly planning no cutbacks in its North Sea activity, despite falling oil prices. Mr Robert Reid, chairman of Shell, UK said recently that North Sea producers "would almost certainly be willing to continue with planned production levels and sell their oil at whatever price the market offered."

The remaining Tern fabrication contracts yet to be awarded are for the accommodation module, weighing 2,500 tonnes, and the jacket, weighing 21,500 tonnes.

The biggest Eider fabrication order will be for the jacket which will weigh 18,000 tonnes. A shortlist of yards is being considered for the order which should be placed by next April.

Dominic Lawson examines the Saudi oil price threat

Opec plays out a desperate bluff

THE GOVERNMENT has in the past two years repeatedly rejected polite requests from Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, to cut North Sea oil production to support the oil price.

The Saudi request has now been couched in less diplomatic language, but the UK position has not changed, and shows no signs of doing so.

The perceived threat from the Organisation of Petroleum Exporting Countries (Opec) is to give up its role as sole supporter of the oil price through cutbacks in its production. The UK, as the largest oil producer apart from the two superpowers and Saudi Arabia, is being called on to cut back from its present output of 2.8m barrels a day, or risk a price war with the world's lowest cost producers.

But elementary economics make this threat appear no more than a desperate bluff. North Sea oil is certainly expensive to bring into production, but once the capital costs have been sunk, the fields are relatively cheap to run.

It costs less than $5 a barrel to operate about 95 per cent of the UK's production, and the rest still costs no more than $11 a barrel to produce. The Government and the oil companies will still be making a return on investment at prices well below those implicitly threatened by Sheikh Yamani.

Government officials know that even if they were to force production controls there is no guarantee that the slack would not be taken up by financially hard-pressed producers, particularly Nigeria, an Opec country which produces oil in direct competition with the North Sea.

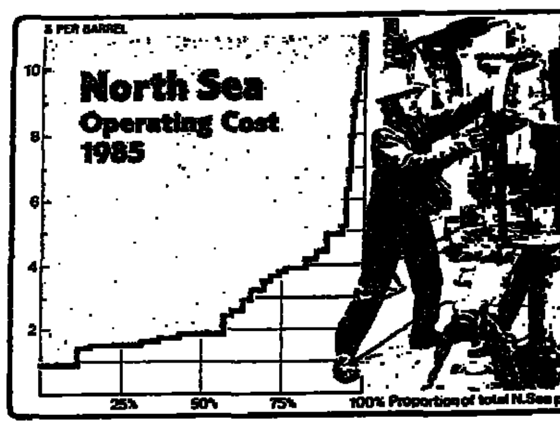
They also know that if a cut in UK production did not have the desired effect then there would be Opec requests for further UK cuts.

Whether the Government would turn down a request by an individual oil company to shut in its own production is doubtful. But no such requests have been made.

Just as the UK will not make a unilateral decision to lose its share of the world oil market, no oil company will make a move to shut in its own North Sea production without an assurance that its competitors will be required to do the same.

It is true that last summer some of the major oil companies, notably British Petroleum and Shell, engaged in extended platform maintenance programmes, doing some work that would normally have been left to a later period.

The Foreign Office would have played up the significance of this in communications with Opec countries, to show the UK's willingness, at the margins, to take a few cargoes off the market at a time of very fragile prices. Doubtless diplomatic channels will now be used to tell Opec that there may well be extended maintenance programmes in the North Sea this summer as well.



About 95 per cent of present North Sea production costs $5 a barrel or less to operate. The rest costs between $5 and $11.

But even the most soothing Foreign Office missive will not be able to convince the Opec countries that such minor action by a few companies represents the introduction of a UK depletion policy.

Despite the UK's position as a net exporter of oil it is a faithful member of the International Energy Agency, the body representing the Western energy consumers, to which all the UK's oil is sold. The UK Government has always been politically and diplomatically far closer to the customers for its oil than it has been to rival producers.

If there is to be a major oil price collapse – and no one in Government can have any idea of how far it could fall – it would certainly cause oil companies to cancel plans for most future North Sea developments.

Shell's plans for a £2.5bn development of the Gannet cluster of oilfields would likely to be aborted if the oil price fell below $20 for a sustained period, and the company is looking at ways to cut the cost of the development.

This may not be good news for the Government, but it would no more wish to subsidise uneconomic oilfields than it wants to subsidise uneconomic coalmines. In any event the scope for tax incentives to give more encouragement to future North Sea developments is minimal. Most will be too small to attract Petroleum Revenue Tax, and the companies already have a tax holiday until they have recovered 130 per cent of development costs.

The Government's view appears to be that the Saudi threat is still no more than a threat, and represents the beginning of a poker game in which the UK hand is quite a bit stronger than that of many Opec countries. Apart from Saudi Arabia and Kuwait, few Opec governments could guarantee domestic political stability if the oil price were to fall dramatically.

Oil accounts for only 6 per cent of the UK's GDP, far less than even the most diversified country in Opec, a body specifically designed for states with an overwhelming dependence on income from oil.

The Government sees the present crisis in the International Tin Council as a salutary lesson against participation in commodity production restraint agreements. And there is still the hoary ghost of the British National Oil Corporation, through which the Government last year engaged in a vain attempt to help Opec support the oil price. "We have just got off the back of that particular tiger," says one official, "and we have no intention of getting back on."

CD player prices to fall, says report

By Jason Crisp

JAPANESE production capacity of compact disc players is expanding so rapidly that it is expected to outstrip the dramatic growth in demand expected next year, according to London stockbrokers Vickers da Costa.

As a result, prices are expected to fall rapidly, particularly in Europe where they are still relatively high. This will put added pressure on Philips, the only significant non-Japanese manufacturer of CD players, which has a large share of the European market, partly because of a 19 per cent import duty.

The fall in player prices is likely to mean a continuing shortage of discs. It means disc prices are unlikely to fall which may deter some purchases of players.

The report expects world production of CD players to rise over fourfold this year to 4.3m units and then to more than double to 8.7m in 1986. It expects the price of Japanese-made players to fall by about 18 per cent in 1986, compared with a drop of 36 per cent this year.

The report shows that Japanese production swamps that of Philips which developed the system with the assistance of Sony.

Banks urged to find lending balance to tackle debt problem

BY JAMES McDONALD

THE WORLD debt problem was likened to a glacier by Mr Jack D Guenther, senior vice president and senior adviser for international operations at Citibank NA, yesterday.

He told the Financial Times World Banking Conference in London: "A glacier's slow movement has the advantage of permitting us to discuss the changing size, speed and path of the threat, and to rethink our strategy for coping with it."

He said his view of the responsible course of bank lending in the present difficult situation was to make sure that the funds were well used and to find a reasonable balance between lending to sustain the health of the world economy and at the same time gradually to overcome the excessive indebtedness.

Mr Jean-Loup Dherse, vice president, energy and industry, in the World Bank, said: "We all know that guarantees are no substitute for profitability. The World Bank and the IFC (International Finance Corporation) have spotted a number of good projects that do require MIGA (Multilateral Investment Guarantee Agency) guarantees or their equivalent.

"We hope that the banking community will do its best to press all governments concerned to speed up the process."

Ambassador William H. Sullivan, president of the American Assembly, and conference chairman, said that because of systemic differences between business and diplomacy, business managers often found it difficult to put their questions in a form that produced the sort of help they needed.

"For this reason, at least in the US, a whole new cottage industry has sprung up with political risk consultants." He explained that these were usually ex-diplomats who translated business concerns into questions for diplomats, and then translated their answers back into terms that could be understood by business managers.

He added: "Since a number of my former colleagues are in this business, I shall not break their rice bowls by declaring them redundant.

Major Gen Richard Clutterbuck, a security expert, told the conference that most British banks were international, and the banker visiting a foreign country had constantly to assess four kinds of political and security risks.

He defined them as risks to the bank's assets in that country, risks which affected future investment decisions there; risks to resident staff; and the risk to the visiting banker.

Mr Robert Kemp, under secretary in the Export Credit Guarantee Department, also spoke on the question of political risk.

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He said: "I define this broadly as the risk arising from acts of government that block or distort normal commercial processes.

"It is to be distinguished from the business or commercial risk that individuals or firms may experience, financial difficulty through bad management, wrong judgments or adverse market conditions."

Mr George Doughty, manager of Investment Insurance International (Managers), said that the economic climate of the 1980s had not been conducive to substantial retention of risk.

"Exporters and contractors are today faced with a buyers' market where there is fierce competition in respect of every contract awarded by a public sector-government agency."

Other speakers at the conference were Mr Armen Kouyoumdjian, assistant managing director and resident economist of the International Mexican Bank, and Lord Wilson, the former UK Labour Prime Minister.

Cable channel plans for Europe go ahead

BY RAYMOND SNODDY

BRITAIN'S independent television (ITV) companies are going ahead with SuperChannel – their cable television channel for Europe.

A contract will soon be put to tender for the transmission facilities. Negotiations have already begun with British Telecom International to lease a satellite transponder to deliver the channel to cable television networks around Western Europe.

Mr Jeremy Taylor of Birmingham-based Central Independent Television is co-ordinating the project on behalf of the Independent Television Companies Association.

An operating company is to be set up by next month and a chief executive is expected to be appointed soon afterwards.

The big five ITV network companies are expected to take 75 per cent of the equity in the venture and the rest will go to the smaller regional companies.

All 16 ITV companies are expected to be involved. The only doubts at the moment are being expressed about Central and Thames Television.

Central is in the embarrassing position of having representatives of SuperChannel's two main rivals on its board.

Mr Robert Maxwell, who is planning a channel on the French direct broadcasting satellite, is a board member. So is Mr John Jackson, who is also on the board of Mr Rupert Murdoch's Sky Channel. But it is believed that Central will, in the end, take part.

Thames has difficulty committing itself to the project because talks about changing the share structure of the company are in progress.

Mr Richard Dunn, Thames managing director, and the executive directors, are believed to be enthusiastic about the venture and Thames also is expected to take part.

SuperChannel will be put together from the output of ITV, Channel 4, the BBC and library and acquired material. It is due to be launched next autumn.

GEC's terms for Nimrod 'unacceptable'

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

MR MICHAEL HESELTINE, Defence Secretary, is expected to tell Lord Weinstock, the managing director of GEC, the British electronics group, that his company's proposals for completing the development on the controversial Nimrod early warning aircraft are unacceptable.

Mr Heseltine will meet Lord Weinstock and Mr James Prior, GEC's chairman, this afternoon for the first time since the company submitted detailed proposals for completing development of the radar and avionics systems for the 11 Nimrod aircraft, which are already over three years late entering service and have cost so far about £1bn.

Mr Michael Heseltine

GEC's proposals have taken the Ministry of Defence (MoD) aback, both in terms of their cost and of the time which the company estimates will be needed to finish the work. The proposals are said to involve further spending of £430m and another four years before the avionics system can be brought to what the Royal Air Force would accept as a minimum operating standard.

The figure is said to be so much higher than the ministry's own estimates of what should be needed to complete the work that the group's seriousness in wanting to carry out the remaining work is being questioned.

Mr Heseltine, accompanied by *Mr Peter Levene, the chief of de*fence procurement, and by Mr Clive Whitmore, the Permanent Secretary at the MoD, will no doubt seek to clarify GEC's intentions on Nimrod's future.

Mr Heseltine's problem is that he has few choices if a deal cannot be struck with GEC. No other British company could readily take over the work, at least at appreciably less cost, while abandoning Nimrod to buy the US Advanced Warning and Control Systems aircraft (Awacs) would mean substantial political costs.

However, buying perhaps six Awacs aircraft could prove not much more expensive than bringing Nimrod to the standard which was originally required by the RAF. This, officials believe, might cost an extra £300m–£400m on top of the sum now proposed by GEC.

Britain ordered the 11 Nimrod aircraft in 1977 in preference to the Awacs which are now in service with Nato.

● Disagreements between the Department of Trade and Industry (DTI) and the Defence Ministry over the terms of British participation in the controversial US "Star wars" research programme appeared to be confirmed yesterday *when it became known that the DTI* was directly involved in the negotiations with the US only four days before the Anglo-American agreement was signed last week.

Senior officials of the DTI told the all-party Commons defence select committee yesterday that their ministry had been particularly concerned that the agreement with the US covers intellectual property rights, governing the use by British companies of any results which might flow from participation in the strategic defence initiative (SDI) research programme.

Mr Oscar Roith, chief engineer and scientist at the DTI, told the committee that the memorandum of understanding, which was signed *by Mr Heseltine and Mr Caspar* Weinberger, his US counterpart, in London last Friday, did cover intellectual property rights.

Mr Roith noted that although the DTI had been consulted during the negotiations, it had not had a representative on the negotiating team "until Monday of last week."

AUSTIN ROVER TO BOOST CAR IMPORTS IN JAPAN

BL signs deal with Peugeot

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AUSTIN ROVER'S ambitious long-term plan to become a major importer in Japan are given a boost today by two significant deals.

The UK company, part of the state-owned BL group, has signed an agreement with Peugeot of France for the exclusive importation to Japan of the Peugeot 205 "supermini," one of Europe's best-selling cars.

At the same time, it has concluded arrangements with Nisshimpo, a *leading Japanese finance com*pany, which will increase the number of dealers selling Austin Rover products in Japan by at least 25 per cent to over 100.

Austin Rover Japan (ARJ) expects to sell up to 1,000 of the Peugeot 205s next year, *starting in March with three models: the GTi,* the 1.4 litre Lacoste special edition and a 1.8 litre diesel.

The deal marks the first substantial foray into the Japanese market by Peugeot.

It is a logical extension of the French group's existing arrangements with Austin Rover whose subsidiary in Australia has been importing and distributing Peugeot cars there for many years.

The move follows changes announced by the Japanese in June which simplify and make it much cheaper to meet the technical standards required for cars which cannot be expected to sell at the rate of more than 1,000 a year in Japan.

ARJ has also overcome the prob*lem of signing up good car dealers – difficult in any industrialised coun*try but almost impossible in Japan – through the arrangement with Nisshimpo, whose major shareholder is the Azabu Motor Company.

Nisshimpo will select 100 prime dealers from the 7,600 who use its financial packages. The dealers will form a network to sell a special edition of the Austin Mini, to be called the Mini Chelsea, at the anticipated rate of 3,000 a year.

Half the Nisshimpo selected dealers eventually will be offered the complete ARJ car range, including the Peugeot 205, the Mini, the MG Maestro, some Jaguar models and the new executive car developed *with Honda and shortly to be* launched as the Rover 800-series. At present ARJ has 87 outlets, including two wholly owned branches in Tokyo and Osaka, but some are expected to be dropped as the Nisshimpo dealers take on the franchise.

Nisshimpo will provide ARJ outlets with finance for car stocks and will produce a retail finance package which should make the ARJ range affordable for a much wider range of customers.

The Japanese Ministry of International Trade and Industry has welcomed the arrangement as a quick response to Prime Minister Yasuhiro Nakasone's recent call for import promotion measures by successful Japanese enterprises.

Brittan clears way for Black to take control of Telegraph

BY RAYMOND SNODDY

MR CONRAD BLACK, the Canadian businessman, is to take control of the Daily Telegraph, it was formally announced last night.

Lord Hartwell, chairman and editor-in-chief, made the announcement after Mr Leon Brittan, the Trade and Industry Secretary, said the takeover raised no competition issue.

Lord Hartwell said that Mr Black, "already a substantial shareholder through his Canadian companies, will subscribe for new shares giving him a 50.1 per cent holding, and my family, previously *controlling 60 per cent, will be re*duced to a minority."

Lord Hartwell who will "by agreement" remain chairman and editor-in-chief of both the Daily and Sunday Telegraph, said last night: "It is the best that could be done in the circumstances." Full details of the complex restructuring of the company will be announced on Friday.

Details of top management changes and delayed half-year results are also expected then.

Lord Hartwell said in a statement which appears in today's Daily Telegraph: "In order to finance the complete re-planting of the Daily Telegraph, extra finance is having to be arranged. The new arrangements are complex and are dependent on consents from a number of *outside parties. The company will* have to be restructured."

Mr Black, who runs the Toronto-based Argus Corporation, already holds 14 per cent of the company and will pay about £20m to take control.

The Canadian businessman paid £10m for his initial stake in the summer as part of an ambitious £110m refinancing package designed to pay for modernisation plans, including a new printing centre in London's Docklands.

Mr Brittan was asked by Telegraph journalists on Monday to take steps to protect the editorial independence of the newspapers if Mr Black took over.

The Secretary of State said he only had the statutory power to take *such steps in cases falling within* the newspaper merger provisions or where the Monopolies Commission found a deal was adverse to the public interest.

Brewer contests bid 'success'

BY CHARLES BATCHELOR

THE NINE-MONTH takeover battle between Scottish & Newcastle Breweries and Matthew Brown, the brewer based at Blackburn, in north-west England, came to a dramatic climax last night when Brown appealed to the Takeover Panel against S&N's claim that its £125m bid had succeeded.

An emergency meeting of the full panel, which polices the City of London takeover code, will take place today at the request of Brown and its merchant bankers *J. Henry* Schroder Wagg. There were hints last night from the Brown camp that it would take its case to the High Court

Matthew Brown is protesting against a 1½ hour extension of the *offer period yesterday afternoon* which allowed S&N, advised by Morgan Grenfell, to push the level of acceptances of its offer above 50 *per cent.*

Mr Nicholas Jones of Schroders, said last night: "We have asked for a full panel hearing in the morning and we have also asked for the shares of both companies to be suspended. We think we have a strong case."

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Shops shun goods from S. Africa

By David Thomas, Labour Staff

AT LEAST five large retailers have told the Trades Union Congress (TUC) that they will not stock South African goods.

Littlewoods, British Home Stores (BHS), Argos, Harris Queensway and Next wrote to Mr Norman Willis, TUC general secretary, confirming their intentions.

In September Mr Willis wrote to more than 50 large retailers asking them not to sell South African goods.

The TUC said yesterday that other large retailers had said they were seeking alternative supplies, but had asked not to be named.

Littlewoods said yesterday that it had been moving towards this policy for some time. Only a small proportion of its goods came from South Africa. The company disagreed with apartheid.

BHS and Next said their decisions were taken before the TUC wrote.

Next and Argos said their decisions were based on commercial reasons.

Harris Queensway was not available for comment.

Mr Willis revealed the responses when he met members of the Congress of South African Trade Unions on their first visit outside South Africa since the union body was formed two weeks ago.

Tax intervention for Lloyd's chief denied at Bank of England

BY JOHN MOORE AND PETER RIDDELL

BANK OF ENGLAND officials moved last night to quell speculation that Lord Richardson, former Governor of the Bank, personally intervened to seek special tax treatment for Sir Peter Green, the former chairman of Lloyd's, the London insurance market.

The move came after allegations by Mr Brian Sedgemore, the Labour MP, in parliament earlier this week. Mr Sedgemore expressed his "shock" that a meeting had been called by Lord Richardson to discuss Sir Peter's tax affairs.

Mr Sedgemore called on Lord Richardson to explain fully the circumstances that caused him to intervene to seek special tax treatment for the then chairman of Lloyd's.

Bank officials said last night that "neither Lord Richardson nor any*one else at the Bank intervened on* behalf of Sir Peter Green with the Inland Revenue at anytime." They added that the Bank "never discusses meetings that the Governor has with City figures."

It is understood that Sir Peter raised the question of *his tax affairs* with Lord Richardson and the Bank of England, when still chairman of Lloyd's in 1983, explaining that he might be in dispute with the Inland Revenue.

At the time it is believed that the Bank advised Sir Peter to consult with professional legal tax counsel to determine the extent of the likely dispute.

After Sir Peter consulted with tax counsel, it emerged that he faced a lengthy *dispute* with the Inland Revenue over tax liabilities. Because of the looming dispute, Sir *Peter, after discussions with Mr* Robin Leigh-Pemberton, the present Governor of the Bank, and advice from the Bank, decided to step down as chairman of Lloyd's in September of 1983.

After other reports and allegations that members of the Government were linked with Lloyd's insurance syndicates, Mr John Wakeham, the chief Government whip (parliamentary party official) and himself a member of Lloyd's, said yesterday: "I have never had any active involvement in the affairs of Lloyd's or any syndicate.

"If there is any impropriety by managers of any Lloyd's syndicate, Lloyd's names (the members) are likely to suffer rather than gain *from any impropriety." He said that* the alleged frauds all dated before Lloyd's instituted legislation in 1982 to reform its market.

A total of 56 members of parliament (all but one Conservative) are listed in the register of members' *interests as names or underwriting* members of Lloyd's. This includes 16 members of the Government including whips. Mr Michael Howard, the Under-Secretary for corporate and consumer affairs with responsibilities for Lloyd's has put his underwriting membership into suspension.

Few MPs play any active part in the affairs of Lloyd's since they treat their position there primarily as an investment.

Pensions transfer ruling

BY ERIC SHORT

PENSION SCHEMES which delay making a transfer payment available to employees who leave the company face heavy financial penalties under new regulations made yesterday. The Government has, however, deferred the establishment of the proposed registry of pension schemes for at least three years.

The 1985 Social Security Act sets out the Government's plans to end the loss of pension rights when employees change jobs – the so-called *early-leaver problem.*

From January 1 1986, employees changing jobs will have the choice of a deferred pension in their previous employer's scheme or taking a transfer payment in lieu.

The transfer payment can be used by the employee either to purchase credits in his new employer's scheme or buy an annuity from an insurance company. The regulations specify the types of scheme and the insurance contracts which can accept transfer payments.

If the scheme's trustees delay payment without a reasonable ex*cuse for six months, then interest* has to be paid on the value.

MANAGEMENT : Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

"I keep making these terrible gaffes—boring oiks appear and turn out to be clients"

Reflecting on gaffes galore

Feona McEwan teases a variety of telling tales from agencies

NOBODY in the advertising stratosphere gets where they are today without the odd gaffe along the line. Behind every account-clinching show-stopper of a new business presentation, every slick winning routine from the industry's showmen, lurks cherished memories of the relationships that were stillborn (or almost), the presentations that bombed, the clients who came, who saw, but were not always conquered.

Presentations, where business is baited, are the sharp end of agency life—a time for stage fright, first night nerves and raw tensions. In such conditions, the unexpected flourishes, producing moments of panic, horror, hilarity, occasionally pure farce and sometimes catastrophe as a potential client heads for the door. In the season of good cheer, we take a light-hearted look at the slick presentations that weren't.

The receptionist at Saatchi and Saatchi greeted with gusto a team which announced itself as being from the GPO. "About time too," said the girl airily and waved the startled men in the direction of a lady in white overalls who beckoned the esteemed client below stairs. (Normally the client route is heavenwards). Nigel Walmsley, the then Post Office marketing director, followed obediently musing on the Saatchi bunker mentality. Eventually he and his colleague were pulled up before a switchboard. "It's been like that for days," said the operator testily. Walmsley saw the funny side and even more so when he imagined the genuine engineer being fussed over, and made comfy in the director's luxury suite on high.

Saatchi did not win the account though the reasons were unconnected with the faux pas.

A favourite Leo Burnett story recalls a presentation to a stuffy insurance company. The delegation trooped in and sat down—Oxford shoes, City suits and starched white shirts. Presenter Roger Edwards, managing director at the time, was just settling into his stride when a voice from a speaker on the back wall interrupted him with the immortal line..." and the bishop said...". It proceeded to unfold a particularly risque joke. The sound engineer in the control room beyond, hidden behind a one-way screen, was passing the time between takes, and had inadvertently leant on a lever operating the one-way sound system. They could hear him, but he couldn't hear them. "Yes, thank you, Michael," said Edwards with a weak smile. But the air continued to turn blue. Edwards then advanced on the offending speaker, edging round the room crab fashion, presenting all the while. The clients' faces, as sober as their suits, followed him round in a 90 degree swivel.

Reaching the speaker, Edwards proceeded to frisk it, Cleese fashion, in a wild effort to find the volume control. He couldn't. The joke by this time was reaching its climax. In desperation he yanked it off the wall, it caught on a hook and swung manically to and fro, joke unrelenting. Edwards, acknowledging defeat, turned to the clients and in a resigned voice said: "Gentlemen, I think you'll agree, I've done my best. We may as well hear the punch line..." Exit unamused client.

Graham Page, a former managing director of agency SJIP before its takeover by BBDO, remembers presenting to a Japanese organ producer. At the time, the agency was a brand new two-man band and held no accounts. Weeks had been spent polishing the one and a-half hour presentation into a slick shape. The Japanese chairman and his English marketing manager duly arrived and were presented to. Not a single response. In the deafening silence that followed Page invited immediate comments and any questions which he would be happy to answer. Two or three minutes passed during which the two men whispered furtively. "We have one question," said one. "Where is the lavatory?" whereupon both men vanished. Fifteen minutes later they emerged to pose another searching question. "What happens," they asked, "if one of you dies?"

Two favourite Dorland gems feature a particularly sober, earnest account director, a local church worthy, strong on dignity and pinstripes. He was in charge of a presentation for K Shoes, which made allegedly leakproof footwear, and decided he would show his deep understanding of the product by demonstrating it himself. Consequently the prospective client arrived to find the director waiting for him, standing with a solemn expression in the ornamental fishpond at the agency entrance. Goldfish were swimming between his legs. "The man from K Shoes looked as if he had come face-to-face with a dangerous lunatic," says Jack Rubins, and Dorlands didn't get the account.

The now famous British Rail pitch which won Allen Brady Marsh the business in 1979 is the stuff of advertising folklore. Since it was a large account, a sizeable delegation of senior BR officials, headed by Sir Peter Parker, turned up at ABM's reception. Behind the desk the receptionist was busy buffing her nails, gossiping to a girlfriend about female matters. She asked them to wait. (Not a thing to do with clients.) Newspapers littered the foyer, ashtrays overflowed, and the coffee, when it was finally proffered, arrived in chipped cups. Finally, at the far end of the hall, double doors were thrown open. Enter Peter Marsh, chairman of ABM, and ex-actor. "Gentlemen," he said, "this is the problem with British Rail. Now come next door and we'll show you how to solve it."

Richard French, chairman of FCO, recalls a new business pitch earlier this year. Rehearsals the night before had gone beautifully. In the morning, he reached for his "snappy dark sincere suit, well chosen tie, and discreet shirt" and rushed in for the meeting just in time to greet the client. Standing up to go through his ever-so-smooth paces he fingered his suit nervously. Coming across satin lapels, the horror dawned on him. He was standing in broad daylight wearing ... his dinner jacket.

Often it's the details that conspire to lay the banana skin. John Allen of Waldron Allen Henry Thompson recalls his Doyle Dane Bernbach days when he was pitching to a major spirits distiller. "Our research, which we felt was absolutely sound, showed the brand share to be in the low teens. We were at about the second slide, we weren't even warmed up, and they informed up they had 50 to 60 per cent of the market at the time." The rest of the presentation was academic.

Finally, there are the cases of stoicism in the face of inevitable disaster. Even Jeremy Bullmore, now chairman of J Walter Thompson, has had his moments of agony. He remembers an ill-timed presentation to a less than enthusiastic multinational client which involved his being despatched to the US, just after Christmas and in the snow. Only three of the four directors turned up to hear from JWT's five-man team. "After 10 minutes two of the three left, and when it came to my turn, the final one left," he says. The team leader responded with true JWT aplomb: "I think you'd better start anyway," he urged a bemused Bullmore.

A make-believe world and a television series are becoming pre-requisites for to-day's successes

Christmas toys: by Fiona Murphy

Children cotton on to concepts

THE MASTERS of the Universe are mustering their forces, jumbled together on top of cupboards all over the country. When Christmas arrives, will they outnumber the Transforming Autobots and Evil Decepticons? Will any parents dare to palm their children off with played-out hits like Star Wars, the Muppets or computer games?

To the fashion-conscious under-11s and the toy industry's ulcer-prone marketing men, such questions are the cause of sleepless nights every December. Few parents are proof against the intense campaigns of these powerful lobbies. It is easier to succumb.

The American toy manufacturers' marketing machine has introduced the era of "concept toys." "The trick is to hook the child with stories of the world the toy exists in; after that, no other character will do," says Gerry Masters, of the UK's National Association of Toy Retailers. For the big money it is no longer enough, he says, to stick a teddy on the shelf, for all that he is handsome and cuddly. Care Bears, as well as their sugary looks, have names, personalities and, as everyone knows, live in Care-alot. Nor can any gun, however splendid, contend with the mythic appeal of He-man, defender of Eternia, and his sister She-Ra, Princess of Power.

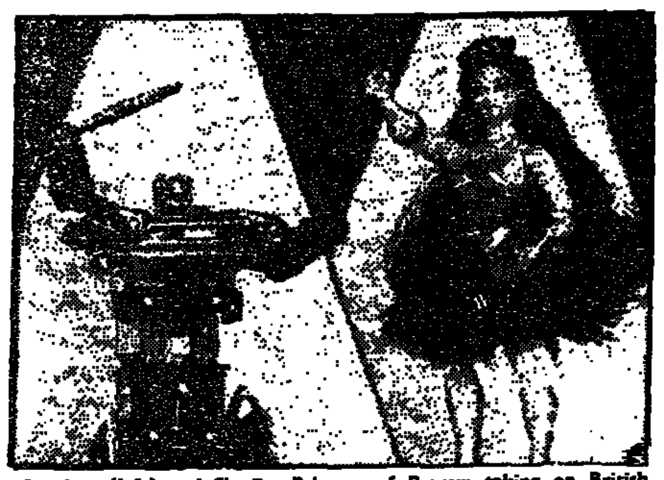
Concept toys have been the force behind the revival of Britain's £850m toy market which, in spite of fewer children and higher unemployment, continues to grow, fuelled largely by US manufacturers.

Star Wars was the first range of concept toys to take off. For two or three years, a long time in the toy business, Luke Skywalker et al swept all before them. Then suddenly, the films stopped coming. The magic went out of the tiny plastic figurenes and £12m worth of Ewoks, R2D2s and skyships are still sitting on the shelves, unwanted.

The basic formula for boys' toys has been used over and over again since then. For the A-Team, the Orcs, the Autobots and Masters, the scene is set in distant worlds where epic battles between good and evil are played out with the aid of many gadgets.

But these are not cardboard cut-out heroes. Each comes complete with its psychological profile. Bluestreak, the transforming Autobot, is "haunted by the memory of Decepticons destroying his home city and often talks incessantly and inanely." And, for more practical purposes, an official-looking graph gives a fair and frank account of his warring capabilities, rather more strength than courage in his case.

With the demise of Star Wars, the toy manufacturers learned the dangers of riding on the back of the mad crazes associated with feature films. There is always the risk of a range flopping altogether, but if the toy manufacturer invents the range in-house, it controls the copyright and can promote the product by the more reliable drip feed of television—best of all, a TV series.


Autobot (left) and She-Ra, Princess of Power: taking on British parents this Christmas

Mattel, inventors of 1985's No. 1 range, the Masters of the Universe, was the first to exploit the formula with a weekly half-hour cartoon series which is now showing all over the world. But in the UK, Mattel's advertising agency, Saatchi and Saatchi, bungled the promotion when it first arrived in Britain. It placed an ad in the trade press refering to the programmes as "65 half-hour commercials." The IBA promptly retaliated by taking the series off the air.

Saatchi promptly apologised, a move which, while not clearing up the issue, seemed to mollify the ITV children's programme committee of the IBA and the programme appeared three months later. Nonetheless, the concept still worries the IBA advertising advisory committee on advertising for children and it will be considering the whole issue in January.

The range is cleverly priced so that children can start to buy with their pocket money. When they realise that with their one lonely Autobot they cannot conjure up quite the epic battles they had looked forward to, they will, Mattel hopes, badger their parents for some enemies, some foot-soldiers, a garrison to defend. Lego and Hornby model railways discovered long ago the wisdom of coaxing parents into their ranges by easy stages. It is called "collectability."

Girls' toys have traditionally been something of a sleepy backwater in comparison with their big spending brothers. A variety of frocks for their dolls, perhaps a doll's house, supplemented by inexpensive trinkets, seemed to last them through to the record player stage, while a boy in the same period might have ripped through trains, guns, chemistry sets and computer games.

When concept toys took off, it was thought that if you captured their imaginations, girls might become similarly hungry consumers.

The appeal is a different one, however. For girls, love, not power, is vested in the desired object. Cabbage Patch made the first pitch. It needed adoption, to buy it was a charitable act, for which presumably it would love you very, very much. No other gambit could have persuaded a child to carry home such a hideous object and only a huge advertising spend saved the manufacturers, Coleco, from total disgrace. But others have followed with resounding success.

Care Bears first appeared in their TV series, magically intervening in the lives of naughty or unfortunate children, and this summer, they made it to the movies, too. It was a runaway success. "When the film finished every afternoon, it was as if someone had brought a coach-load of children to my door" says Michael Carter, a toy shop owner in Bradford and chairman of the National Association of Toy Retailers.

Kenner Parker's My Little Pony series is having equal success without a TV series. Instead, long advertisements reveal the individual quirks of each character. They are overweight pastel-coloured horses that wear fashionable clothes, have big gooey eyes and long permed hair — all of which is the result of careful research into what exactly turns little girls on in a doll. (A sentimentalised hybrid, it would appear.) Others, such as Wuzzles, Snugglebums (hairy trolls) and the Getalong Gang may be redeemd in adult eyes by their more humorous appearance, but they trail the mawkish Little Ponies in the charts.

Mattel has been braver than most. Having discovered that a sizeable minority of the Master's fans were girls, they introduced She-Ra, a muscle-bound Princess of Power but with a huge mane of hair so as not to miss out on "grooming appeal."

There is, however, still a corner for old-fashioned charm and it is being supplied by British manufacturers. Bluebird's bizarre doll's house, the Big Yellow Teapot, amuses children in much the same way as the rhyme about the old woman who lived in a shoe, and Hornby Hobbies' Flower Fairies, with names like Heliotrope and Narcissus "appeal to children, mothers, and grandmothers," according to Keith Ness, Hornby's managing director.

Bluebird and Hornby are said to have surprised even themselves with their own success, and through them ideas from the UK are now making a modest reverse invasion of America. But with their small advertising budgets and their inability to afford a TV series, they have been condemned to the fringes by children made square-eyed by Masters of the Universe and My Little Pony.

TECHNOLOGY

EDITED BY ALAN CANE

Alan Cane reports on how an information business is trying to expand its market share

Sound way to run company credit checks

THE VOICE is pleasant and well modulated. It seems properly concerned that the cellar gets the information requested and gives no hint either that its gentle tones are generated by a computer or that electronic messages must pass several times across the Atlantic before it can give a sensible reply.

It is called DunsVoice, and is the latest credit clearing service from Dun & Bradstreet, the international business information organisation.

Available in the US for three years now with some 8,000 customers, it has had unexpected side-effects: "We've had customers try to date the voice" muses Mr William Whitenack, vice-president in charge of marketing for Dun & Bradstreet Europe.

The service should be available commercially in the UK in the first quarter of next year: at present it is still being tested by a small group of leading UK companies including British Airways, Duracell and Thorn EMI. French and Dutch versions should be available later in the year and D&B intends to tackle the complicated task of integrating the service across Europe in 1987.

The introduction of DunsVoice is, in many ways, a paradigm of how modern technology is transforming an organisation the business of which is information.

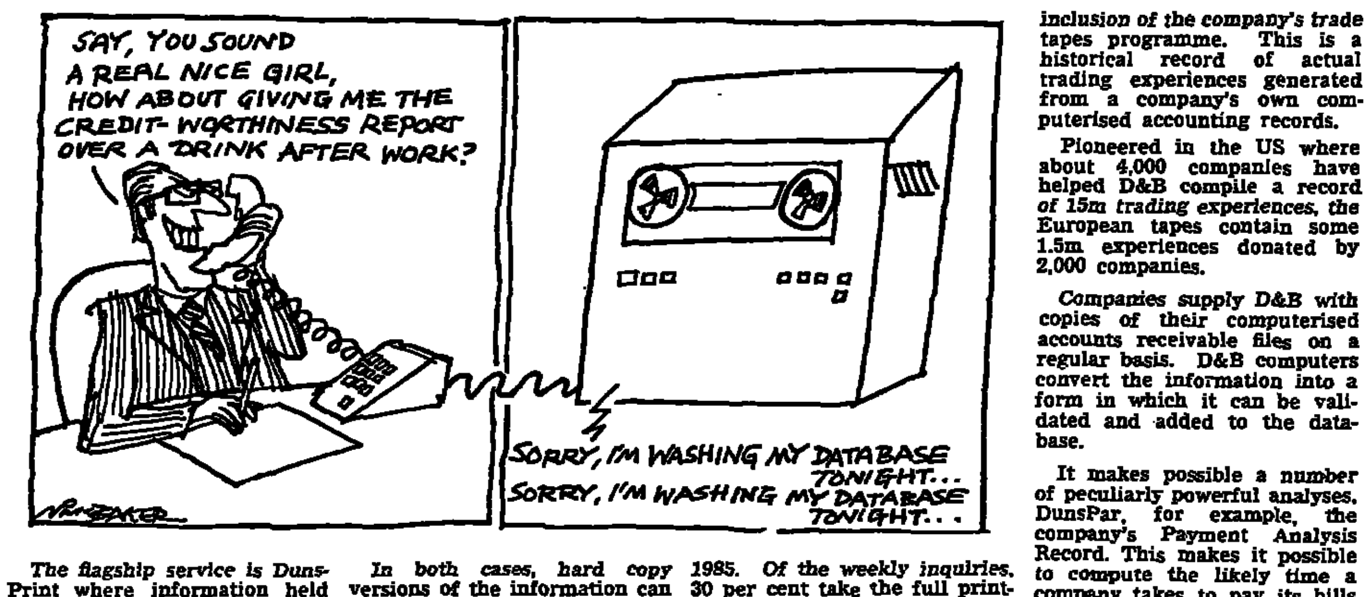
Its basic business—providing well-researched information about the standing and creditworthiness of companies so that its customers can make informed decisions—is still the same. Technology, however, has influenced how it carries out its business in three big ways: in collecting the basic data collating and analysing the data; and how its business information reports are delivered to the customer.

The testing ground is the US, but B&B is developing its technological base in the UK through its European Business Information Centre (Ebic) at Broadwater Park, Denham, near Uxbridge, Middlesex.

DunsVoice is only one of several delivery mechanisms D&B uses but in many ways it is the key to how the company is trying to expand its market.

In earlier years, mailed or telephoned requests for information about companies would have involved a manual search through paper files and compiling a detailed business report on paper.

Today, D&B holds all that information electronically as a database in the memories of large computers and gives its customers access through a variety of electronic means.



The flagship service is DunsPrint where information held in the database can be supplied directly to the customer's desk through a personal computer, dumb terminal or a teleprinter.

Then there is DunsTel, where a local call puts the customer in touch with a D&B consultant who provides the required information over the telephone.

In both cases, hard copy versions of the information can be provided through the mail within three working days of the request.

Since DunsTel was launched in the UK it has attracted 7,500 subscribers and the list is growing at 500 a month. On average there are 3,750 inquiries a week, a total of more than 100,000 inquiries since March 1985. Of the weekly inquiries, 30 per cent take the full print-out from the database.

Much of the information held on the D&B database is collated from company financial statements, court reports and personal analyses by the companies' own reporters. But the potential of the database has been greatly increased by the inclusion of the company's trade tapes programme. This is a historical record of actual trading experiences generated from a company's own computerised accounting records.

Pioneered in the US where about 4,000 companies have helped D&B compile a record of 15m trading experiences, the European tapes contain some 1.5m experiences donated by 2,000 companies.

Companies supply D&B with copies of their computerised accounts receivable files on a regular basis. D&B computers convert the information into a form in which it can be validated and added to the database.

It makes possible a number of peculiarly powerful analyses. DunsPar, for example, the company's Payment Analysis Record. This makes it possible to compute the likely time a company takes to pay its bills based on its actual trading performance.

Once the information has been recorded in the database, technology is used to help responding quickly to requests. Matching the inquiry to the report held in the database is the principal problem. Customers may not know all the necessary details about the company they are investigating; they may spell the name wrong or quote it incorrectly.

D&B has developed its own matching software which depends on a combination of clever software and the sheer brute power of the company's several large IBM mainfrane computers.

Mr James Gaudette, director in charge of computer technology at Ebic explains that the software first kills the "noise" in company names losing Plc, ampersands and Ltds. Then it eliminates vowels and double consonants.

With all this panoply of innovative technology, why is DunsVoice so important to Dun & Bradstreet? The answer is that because of cost, convenience and social acceptability it should dramatically widen the market for D&B's services.

At present, an inquiry through DunsTel or DunsPrint might cost 11 units; DunsVoice is likely to be priced at one unit. It should prove particularly attractive to companies seeking only a few credit reports each year.

Mr Kavaghn Hennessy, who has the responsibility for marketing DunsVoice in Europe, says that of 20 credit decisions in the UK, only one is made with the benefit of a credit rating report: "We are looking for the other 19."

Research put accent on realism

DUNSVOICE is a product of techniques pioneered by Dun & Bradstreet's own advanced technology group in the US. It is not unique—several companies have developed or market voice generation equipment—but it breaks new ground in high quality voice response for a mass market.

Mr John Hoyt, international programme director for DunsVoice explains the rationale: "Our customers buy information from us and they have to believe in what we are selling them. We realised early on that the voice had to have an almost human quality."

"If it had been unpleasant or sounded unnatural, the service could not have been successful."

The technique used starts with a professional announcer recording in a studio all the words and phrases ever likely to be used in a DunsVoice "conversation."

The recorded words are then digitised—turned into computer language—and fed back through a special voice circuit, the only piece of proprietary equipment in the system.

Mr Hoyt points out that the research team "spent a considerable time figuring out what sort of dialogue could be expected." This is the key to why the cadences in the spoken reply sound so natural. The voice units deals with sentences rather than single words.

Early voice response systems used words or phrases either recorded on a revolving drum or digitised. The computer strung the appropriate words together to make a reply—comprehensible, if sounding a little like a drunken alien.

With DunsVoice, the appropriate reply is selected as a complete sentence with gaps left for the all important rating numbers. The numbers are shoehorned in at the last moment, each selected according to its sound—the nine in 922 sounds quite different from the nine in 229, for example.

It will be some time before D & B customers can ask verbally for their information in addition to hearing it; the customer uses the keys on a push button telephone in a series of codes actually to ask a question or confirm an answer.

In the US, DunsVoice generators are distributed around the country. For the cost of a local call, a customer can connect to the voice generator while the actual gathering and transmitting of the information from the D and B database is carried out at high speed over D and B's data network.

The company has similar plans for Europe: in the meantime, it is still polishing its UK voice, well aware that the wrong inflection or accent could cost it more than raised eyebrows in polite society.

Thermal maps could cut winter road bills

SUBSTANTIAL SAVINGS in the winter road maintenance bill are in prospect using thermal mapping techniques developed by scientists at Birmingham University.

Thermal Mapping International, set up last year to market the service expects more than to double its turnover this year to £300,000 and plans to expand into North America and eventually Japan.

During an average winter, some 2m tonnes of rock salt worth about £40m are spread on British roads, twice as much as is actually needed. Labour and mechanical equipment costs bring the total expenditure to more than £100m.

Dr John Thornes of the university's meteorological services unit and one of TMI's directors said: "At present, road engineers have little option but to salt everything on the basis of warnings produced from minimum air temperature forecasts. These take no account of actual road surface conditions which can be influenced by embankments and trees, altitudes, bridges and overpasses and by the volume of heavy traffic.

"Such variations can influence the "stickability" of snow. Only about one third of the amount of salt needs to be spread to prevent ice forming or snow sticking, compared with that needed if ice has to be melted."

Many local authorities have recognised that sensors embedded in the road surface are essential to give the maintenance engineer up-to-date information on the current state of the roads. However, road sensors in themselves are not sufficient.

They give only spot measurements of road surface conditions, usually at widely spaced intervals. This can be wasteful if a sensor is located in a particularly cold spot, for instance a frost hollow, and all the roads are salted. It can also be dangerous if a sensor is placed in a warm spot and other stretches are freezing.

To maximise the sensors effect, the Birmingham team has developed the technique of thermal mapping. An infra-red thermometer in the back of a van is used to measure road surface temperatures along stretches of road at night. All the information gleaned is logged in a computer.

Thermal mapping has already been carried out in the West Midlands, Hereford and Worcester, and the Highlands. Priority routes are chosen for mapping and at a least five runs under differing weather conditions are made over each route. Each priority route is restricted to a maximum of 40 miles to avoid any misleading results from changes in weather conditions. It is normally carried out just before dawn when the road is at its coldest and when cooling during the run is unlikely.

For £95 for each mile mapped, the road authority receives five individual thermal "fingerprints" labelled to identify junctions, sensors and bridges; an average thermal fingerprint; a thermal map of the priority route; and a report recommending sensor sites. The data will also be available on disk.

Thermal mapping will cut costs in three main ways, says Dr Thornes. It reduces the number of sensors required for a network of roads; enables the selected salting of gritting routes on marginal nights and gives the man on duty more confidence because he knows what is happening over the whole road network.

TMI, which has already mapped roads in France, is seeking to set up a joint venture in the US making sensors. Dr Thomas said the US, with a winter road maintenance budget of US$2.8bn against the UK's £120m budget, is about four years behind the UK in termal mapping.

ALISTAIR GUILD

Multi-role workstation announced

TANDATA MARKETING of Malvern, Worcestershire, has put a voice and data communication workstation on the market at £999.

Designed and made in the UK, the screen and keyboard unit, known as the PA, can serve as a viewdata/videotex and editing terminal, a computer visual display unit, a text editor, a communications unit (for contacting other Tandata devices) and a messaging unit.

It can be programmed to log on to many kinds of database, both public and private; it can also be made to emulate mainframe terminals such as those used with the IBM 3270.

The PA can provide intelligent telephone facilities when a normal handset is plugged in at the rear. Then, autodialling and loudspeaking facilities become available.

It can be used in the office with its own 12 inch colour monitor, at home with a TV set, or while on the move without mains power, using a two line liquid crystal display.

The PA measures 380 x 230 x 70 mm (15 x 9 x 2.25in) and weighs 2.5 kg (5.5 lbs).

More on 06845 68421.

Protein pellets

PROTEIN-RICH pellets could play a part in adding to food stocks in countries hit by drought, says Koor Foods, a company in Israel.

Koor developed the product as a result of the famine in Africa. Some pellets have been distributed to aid starving people in Ethiopia.

The food contains a mixture of soyabean flour, wheat flour, sugar, soyabean oil and dried eggs, together with vitamin and mineral additives.

The company says the pellets provide a balanced diet and can be eaten cold, without preparation. The food can be made from materials easily available in African countries, says Koor.

THE ARTS

Letter from New York/Paula Deitz

Spirit of the season

A cardinal rule in New York is never to miss a sculpture show at the Guggenheim Museum, for the spiralling ramp and the delineated sections along the cream-coloured walls work wonders for three-dimensional objects as they never do for pictures. One could go so far as to say that to view the objects in the current exhibition, *Transformations in Sculpture: Four Decades of American and European Art* (until February 16) in these spaces is like having a series of private audiences.

Diane Waldman, the Guggenheim's deputy director who made the selection and wrote the catalogue, makes clear from the start that the show documents not the revolution itself that brought about the new strains of 20th-century sculpture — namely Picasso's constructed sculpture and Brancusi's reductive form — but the aftermath. In an exhibition this size — only 120 works from more than 50 artists — the omissions have a presence of their own, so much are their shapes and colours missed at the appropriate junctures. It is preferable to think of this as a personal anthology of not always obvious choices.

The first view from the top of the spiral across the rotunda is of a stark array of David Smith's painted steel and iron sculptures, which look like the drawings in air they are intended to be but which are seldom appreciated so well as from this perspective. Whether they be like the thinner, curvaceous and more open welded parts of "Australia" or the heavier industrial motifs of both "VoltriVII" made in Spoleto or the Voltri-Bolton pieces continued back home, these darker and more intricate sculptures are tougher and more exciting than the smoother, regular geometric forms in stainless steel he later went on to do.

Beyond Smith is Joseph Cornell. This is the right season for Cornell, who never gave up his childlike wonder about the mysteries of Christmas or the penny arcades that populate the Times Square areas. His favourite colour was a rich shade of midnight blue, and he used his enormous collections of found objects and prints to create boxes with surrealistic arrangements, like small enchanted worlds. Of these the "*Medici Princess*" and "*Medici Slot Machine*" series of upright boxes have the greatest power. Rarely have so many of them been exhibited at once, with their central panels of Italian portraits and slide slots for pictures and small treasured objects.

Louise Nevelson's "Sky Cathedral — Moon Garden" is stacks of open, upright boxes filled with wooden fragments, only some of which have seen the lathe, and all painted black. John Chamberlin's "Dolores James", of welded and painted crushed automobile parts, makes a point about the painterly aspects of some contemporary sculpture. But where were Frank Stella's colourful wall constructions? And where was Michael Heizer, the earth-works artist? But Jasper Johns's bronze "Flashlight" is there as well as Robert Rauschenberg's "Monogram", that curious mixture of sculpture, painting and collage (a stuffed goat, a tyre, wood, canvas, paper and oil paint) that made history as "combine painting." The British sculptors in the show are Anthony Caro, Richard Long and David Nash.

*

A few weeks ago the American Book Awards (TABA) convened the publishing world for a tasteful champagne reception in Astor Hall, the great marble entrance hall of the New York Public Library, one of the most dignified public spaces in Manhattan. The reason was the presentation of the 1985 awards in three categories — fiction, non-fiction, and first work of fiction — a far cry from the 27 different awards of two years ago, which were already down from the 40 given in the past by its predecessor sponsor, the National Book Awards, when the ceremonies were glitzy affairs held at Lincoln Center for the Performing Arts. Unlike the Booker award, not a television camera was in sight, just old-fashioned journalists with notebooks to report the other good news that TABA is severing its questionable link with the Association of American Publishers to go independent like its sister group, the National Book Critics' Circle, whose awards have been gaining in prestige. The new TABA hopes that just three awards will give added weight to each. Each winner received $10,000 and a sculpture especially designed by Louise Nevelson.

Harvard professor Daniel Aaron presented the non-fiction award to former New York Times writer and Harvard man J. Anthony Lukas for Common J. Anthony Lukas for *Common Ground: A Turbulent Decade in the Lives of Three American Families*, about the effect in the 1960s and 1970s of school desegregation on three Boston families: Irish, black and Yankee. Tardy writers can take heart, Mr Lukas thanked his editor for his "patience with me for eight years."

The fiction award went to Don DeLillo for his novel *White Noise*, about a college professor whose plotless existence is disrupted by an industrial accident that releases a black cloud of lethal gaseous fumes, and the first-fiction award, selected from 800 books for its "richness and diversity of vision," went to former Peace Corps volunteer Bob Shacochis for his collection of short stories *Easy in the Islands*, about the peculiarities of life in the Caribbean.

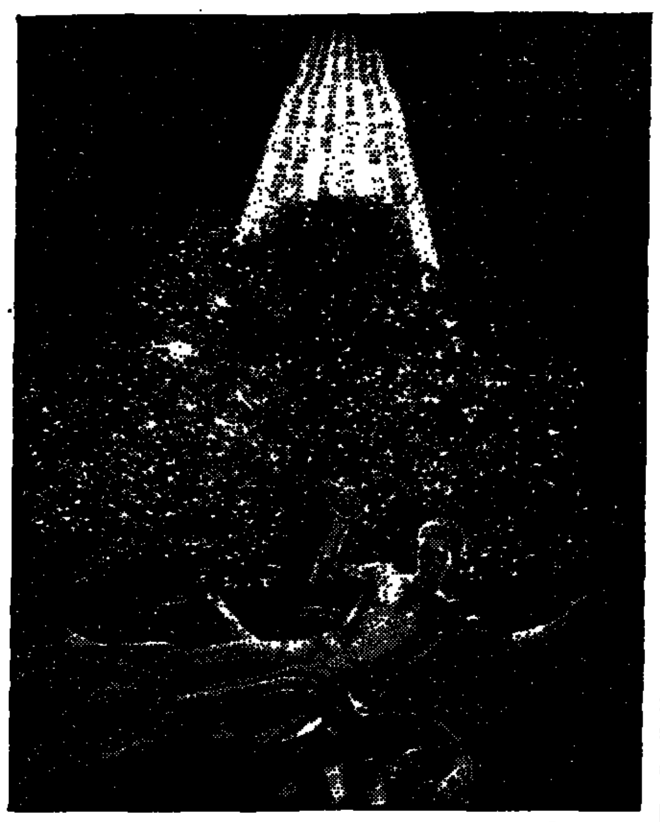
*

What the can-can dancers of the Folies-Bergère are to Paris the Rockettes, with their chorus-line precision high-kicking, are to New York. And when Radio City Music Hall, their Art Deco entertainment palace of a home at Rockefeller Center, was saved a few years ago the Rockettes were an argument in its favour, for where else but under that half-moon proscenium, on a stage controlled by three elevators and with multi-layered scenery, could they strut their all-American, girl-next-door yet elegant fare? The current *Christmas spectacular* (the first was in 1933) has a glittering number called "Rockette Christmas Carousel;" and when the 36 Rockettes, dripping in white chiffon, rhinestones and white plumes like snow fairies, file on to a ramp in front of the big band to do their eye-high kicks in unison, I would not want to be anywhere else in the world.

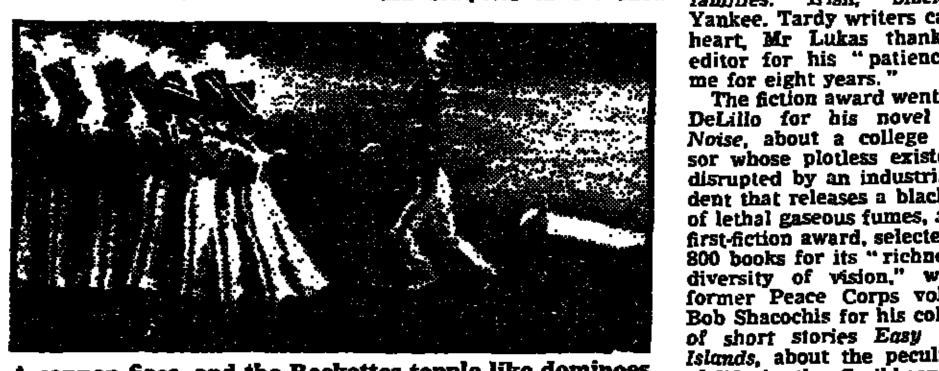
Outside in the dusk and snow-flurries at Rockefeller Center is the 78-ft tall Norway spruce above the skating rink with its 10,000 lights and four miles of wire. This tree stands in front of the RCA building, itself awash with light, at the hub of New York's Christmas.

Walking uptown along Fifth Avenue, one can see from a distance, as if hanging in mid-air, Tiffany's 2½-storey high Giant Snowflake, of 3,000 clear glass bulbs. In reality it is suspended from buildings at the four corners of the 57th Street shopping crossroad. Two blocks away 15,000 pin-point white lights convey the glisten of winter on cold nights and make the trees on the Park Avenue malls from 53rd to 96th Streets a fairyland of glimmering light. This is Manhattan's only boulevard, otherwise a dark chasm of office and apartment buildings.

Gladest tidings of the season though tell of the successful rebuilding of St Luke-in-the-Fields Church (so called because this, the city's third oldest church (1821), is in Greenwich Village, once countryside to the city downtown around Wall Street). It was destroyed by fire in 1981 and, to judge from attendance at the recent reopening, the whole city seemed to have come to the rescue and supported the restoration of the Federal-style brick church by Hugh Hardy of Hardy, Holzman and Pfeiffer. St Luke's first vestryman was Clement Clark Moore, the Columbia professor who wrote the traditional ballad that begins "'Twas the night before Christmas . . ."



The RCA building glows above the Rockefeller Center Christmas tree and the golden statue of Prometheus



A cannon fires, and the Rockettes topple like dominoes in the "Parade of the Wooden Soldiers."

London Philharmonic/Festival Hall

Andrew Clements

Simon Rattle's programmes are planned with the meticulous care he puts into the music-making itself. With the London Philharmonic on Tuesday he contrasted two kinds of 20th-century romanticism, those of Berg and Rakhmaninov, and prefaced them with one of the previous century's most singular talents.

Mussorgsky's Prelude to *Khoranschina* is an unlikely concert opener — an exquisite piece of scene setting that is over almost before an audience has settled into its seats. But it worked on this occasion, because Rattle succeeded in crystallising the rapt mood within moments, and the LPO immediately responded with its most refined playing, balancing woodwind and strings to perfection.

The soloist in Berg's Violin Concerto was Kyung-Wha Chung. This of all concertos programmes its emotional progress so precisely that a slight degree of detachment suits it best. Miss Chung is not that kind of artist; her involvement is always total. Yet moments of excessive elaboration were rare, largely confined to mannered treatment of the Carinthian folk material and to a self-concious punctuation of the outburst at the beginning of the concerto's second half. The climax, though, was riveting, the emergence of the chorale beguiling. Rattle paid particular attention to the woodwind solos that curl around the violin, and was rewarded with some remarkable contributions: the bassoon line in particular, which underpins the soloist's first statement of the chorale, was exquisitely conceived.

The Second Symphony of Rakhmaninov has become one of Rattle's party pieces. He conducts it with passion and drive, and without too much indulgent rubato. Even he cannot prevent the third movement wilting, however, and one's sympathy for the older generation of conductors who habitually excised chunks of it was not rebutted. A guttier string sound in the scherzo and more bloom on the textures in the slow movement would have been ideal, but it was still a first-class display of orchestral adroitness and stamina.

Wealth/Croydon Warehouse

Martin Hoyle

Is Croydon's musical version of Aristophanes's *Plutos* (388 BC) really the first professional production in (to stretch a point) London?

Though a rarity, this sardonic comedy has many familiar ingredients: the roguish servant (Kevin Williams, displaying an admirable touch of improvisation), jibes at politicians and priests, even a cruelly mocked matron who, lamenting the loss of her gigolo, emerges as the direct ancestress of W. S. Gilbert's elderly ugly spinsters.

Devotees of *Everyman* can accept the personification of Wealth as a miserable old tramp, blinded by Zeus. Today's Britons will also believe all too easily in his opposite number, the thin-lipped Poverty (Di Langford, in Victorian-value grey) whose grim advocacy of neediness which alone prompts work and "improves body and spirit" almost turns into a prime ministerial paean to a leaner, fitter industry; but not quite.

George Savvides's translation perhaps over-scrupulously avoids topical satire — though Wealth's new hosts, who think they have cracked it by taking him into their household, burst into an ensemble where they warble: "It's coming back, the Welfare State!" David Dearlove's lyrics range from neat and literate, as in the good theme song "He who pays the piper," through the twee (a song for Hermes/Mercury, here a messenger boy) to the smuttily undergraduate (the matron's libidinous yearning).

Admittedly, as with Shakespeare, Aristophanic humour can be variously witty, obvious or simply bawdy. Hellenic jokes about pederasty evoked a frosty Surrey silence, but the servant's song about farting made my Greek companions—professional actress and critic respectively—fall about, thus proving its credentials as a cultural manifestation from the cradle of civilisation.

The central paradox, that society suffers from the diffusion of wealth since nobody will then do the basic jobs, could be more pointed. Shaw, Gilbert ("When everybody's somebody then no one's anybody"), or a sharp modern view of the decline of religion and morality once fear and need have been eliminated, are needed: a theme for some (apparently non-existent) right-wing satirist?

Ted Craig has made a speciality of slick team-work from small ensembles; and here his direction evokes splendid playing from a polished cast. Frank Gatliff's Wealth turns from old misanthropist, first cousin of Pinter's Caretaker, to benign *innamorato* of Poverty with impeccable style and diction. Carola Stewart and Neal Swettenham switch from performing to playing the piano for Peter Pontzen's settings of the songs. Guy Siner, as the decent man whose honesty prevents him from ever becoming a success, suggests a greater range as an actor than is required here. All must be seen again — preferably in a vehicle harder and sharper.

Shadows in the Sun/Sadler's Wells

Clement Crisp

At its best, London Contemporary Dance Theatre can astound and delight as do few other modern troupes in Europe. Tuesday night's new programme suggested what standards of creative energy, musical worth, decorative skill and sheer excellence of dance the company can attain.

A piece new to London — Christopher Bannerman's *Shadows in the Sun* — was framed by Siobhan Davies *New Galileo* and Robert Cohan's *No Man's Land*. All were created on and by the company. On musical terms Eleanor Alberga, the company pianist, proved a dazzling interpreter of John Adams's minimalist score for *Galileo*, as for the Frank Bridge music chosen by Christopher Bannerman, in which she was joined by the violinist Nicola Lewis and the 'cellist Caroline Dale, while Barry Guy gave a virtuoso account of his double bass *Statements II* which so graphically accompanies Cohan's interpretation of the Orpheus legend.

Design and lighting were uniformly imaginative, with Andrew Storer providing a handsome back cloth, evocative of a sunset world, for Mr Bannerman's new work.

This concerns itself with the relationships to be found in D. H. Lawrence's novels, and specifically *Women in Love*. Mr Bannerman's cast of four men and three women are an ensemble which intersperses a succession of duets and trios feeding on the passionate tensions and the gentler demands among Lawrence's characters.

Well attuned to its Frank Bridge score, the choreography has a non-literal but clear narrative momentum: it is the most assured writing that I have seen from Mr Bannerman. It is danced with that directness of expression and physical integrity which is the hallmark of LCDT's work, with Patrick Harding-Irmer and Michael Small outstanding in a duet, part struggle, part affection, that relates to the fight between Gerald and Birkin in *Women in Love*.

The evening is dominated by Mr Harding-Irmer, for in *No Man's Land* his impersonation of Orpheus remains one of the greatest individual performances of LCDT's history. In its heroic outlines, as in its subtlety of means—linear control matched by expressive dignity and a potent depiction of grief—it tells of an artist touched by the divine fire.

The Birdwatcher/Theatre Royal, Winchester

Antony Thorncroft

Winchester has a theatre at last. It occupies a fine Victorian building in Jewry Street which has always given pleasure, first as a watering hole for farmers on market day, later as one of the earliest cinemas in the country. In the early 1970s it escaped reduction to a supermarket thanks to valiant local efforts, and over a decade of fund-raising produced a happy opening on Tuesday night.

Like many modern theatres it is in the Edwardian style, all salmon pinks and lime greens with mouldings of dyspeptic-looking cherubs, but since this is the well loved traditional set for a theatre, and the Royal intends to be popular, the appearance and the feel of this cosy 400 seeater could hardly suit better the mood of the county town.

The Royal opened as it intends to continue, with a touring production of a farce. The Century Theatre Company, based at Keswick in Cumbria, takes plays to towns which have little opportunity to see drama: this week in Winchester the company is performing *The Birdwatcher* by Feydeau.

As *Monsieur Chase* the play's success in Paris in 1892 established Feydeau's reputation. There, almost a century ago, modern farce was born, for this is pre-eminently a tale of lost trousers. Indeed it climaxes with the Cinderellesque scene of a policeman arriving with the lost pair of trousers — whoever fits them is the adulterer. The peak of trouserlessness was three pairs of male legs, topped by modern-looking shorts rather than the combinations *de rigeur* in the Paris of the 1890s.

But then Century Theatre does not go in for lavish props. It provides a workmanlike production where the speed of delivery, usually boosted by refinely affected accents, bides the cracks in the plot. Not that there are many, for this is proto-Feydeau, bereft of the layer upon layer of complication and confusion which came later. It is the simple tale of Duchotel who, under the guise of going hunting, goes whoring. His wife, persuaded of his infidelity, does likewise with his best friend Moricet and, of course, decides to lose her honour in an adjoining apartment.

There are some good things: Duchotel always clutches his gun as he scampers across the bedroom and there is plenty of robust physical contact. But a young company never quite relaxes enough to let the style dominate. By the third act Robert Swinton, as Duchotel, had gone camp. I also think Francesca Folan as Leontine, his wife, should show more enthusiasm for the ardent friend, Moricet (Ronald Leek).

Paul Crossley/St John's, Smith Square

Max Loppert

Tuesday's recital, given in aid of the National Trust, provided Paul Crossley with the opportunity to present himself to the public once again in works mostly outside his well-known special interest groups. His choice — Beethoven, Granados and Chopin in the first part, Debussy and Ravel in the second — made up almost exactly what one still tends to think of (in sad fond memory) as a "Rubenstein programme".

Despite its handsome and attractively-registered new Steinway, St John's remains a far from ideal place for a piano recital; and any reproaches concerning overcrowding sonorities or jumbled inner lines had always to be tempered by recalling the probable damage being wreaked by the reverberant acoustics. That said, though, Mr Crossley remains a puzzling uneven pianist—uneven not so much in his technical prowess (though the stiffness marking the early stages of the concert raised doubts about his finger-fleetness and rhythmic dexterity that were settled only later on) as to his manner of response to different kinds of music.

There was a striking disparity in achievement between his opening Beethoven sonata, Op 79 in G — jerky, unspacious, and charmless in phrasing — and his closing group of Ravel, which had as its climax vividly pointed and glisteningly unfolded accounts of *Jeux d'eau* and *Alborada del gracioso*. In Grandos *Valses poeticos* the use of rubato was dry, unspontaneous-sounding: melodic continuity was lost, not furthered, by its application. And in two Chopin Ballades (the G minor and A flat minor), though the lines became more fluent and alluring, the overall feeling was of sections rather than of a dramatically graded progress. I found it difficult to understand how and why some things came right in this recital, and not others.

Vienna Chamber Orchestra/Elizabeth Hall

Dominic Gill

The Vienna Chamber Orchestra (which draws some of its members from the Vienna Philharmonic) is not a frequent visitor to London, but it has been an integral part of Vienna's musical scene for nearly 40 years, and for a decade the French pianist Philippe Entremont has been its principal conductor.

The ensemble is "Haydn-size": 19 strings, a pair each of horns and oboes. The manner is courteous and responsive rather than vivacious; the edges, rhythmic and tonal, are easy and rounded—and for my taste perhaps a shade too smooth. But nothing they and Entremont gave us in their all-Mozart programme on Tuesday evening at the Elizabeth Hall was ever less than agreeable, from the little Divertimento in F, the piano concerto K271 and the C major symphony K200, to *Eine kleine Nachtmusik* and all.

The Divertimento (from the set K136-138) is surely unmistakably a string quartet — the andante *almost* doesn't make sense played by a larger body of strings, though the effect is undeniably (and un-Mozartianly) pretty. Mr Entremont's account of the E flat concerto K271, which he conducted from the keyboard, was sweetly comfortable: even too comfortable to be consistently, buoyantly surprising. But he found genuine heartbreak in the wonderful andantino; and in the finale hammered home those big antiphonies, treble and bass, for all they were worth. His Bösendorfer piano, tuned up four or five cycles to old-fashioned concert pitch, had a nice individual reedy timbre in the middle register — welcome change from the customary uniform Steinway tone.

There was no escaping the *Eine kleine Nachtmusik*, which the Vienna Chamber Orchestra clearly know so well they could almost play it in their sleep, and nearly do. "The finale is a fast and cheerful conclusion to the Serenade" remarked our programme note. The C major symphony no. 28, likewise, was the cheerful, if by now ever so faintly soporific, conclusion to our evening.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Exhibitions

Dec 6–12

PARIS

The fame of Victor Hugo. To mark the 100th anniversary of the poet's death, some 1,000 documents – grand and less grand, including caricatures, posters, photographs, try to explain the extraordinary phenomenon of Hugo's glorification. Grand Palais, closed Tue. Ends Jan 6 (28 154 10) Petit Palais adds to Hugo's celebrations an exhibition Le Soleil d'Encre consisting of more than 300 of the artist's drawings and 200 manuscripts belonging to the Bibliothèque Nationale. Petit Palais, closed Mon (26 512 73).

WEST GERMANY

Berlin, Nationalgalerie: Art from 1945 to 1985. With 500 works by 220 artists the Berlin National Museum will display an extensive exhibition of post war art. Ends Jan 12.

Stuttgart, Neue Staatsgalerie: A retrospective of 81 works of the British artist Francis Bacon (born in 1909). The works, covering 40 years, are on loan from the Tate Gallery, London. Ends Jan 5.

Bremen, Kunsthalle am Wall 207: Klee drawings and paperworks from 1921 to 1933. Ends Jan 5.

Düsseldorf, Kunsthalle Grabbeplatz Joel Shapiro: First stop for an exhibition covering 80 abstract sculptures and paintings by the American artist in the last nine years. Ends Jan 19.

ITALY

Rome: Museo delle Mura, Porta San Sebastiano: Trade Routes Between the Mediterranean and the Far East in the Ancient World. The museum is set into the Aurelian walls above the gate through which the Appian Way passes and is worth seeing in itself. Organised by the Commune di Roma and the Museo Nazionale d'Arte Antica, the exhibition explores the movement of goods (incense, myrrh, silk and spices) to Italy from the east from the 8th century BC to the Middle Ages. Clear and informative and illustrated mainly by photographs and diagrams, but one felt that the exhibition was aimed more at school outings than tourists and that a lot of the information could have been got just as well from a good book. Ends Jan 5.

BRUSSELS

Picasso, Miró, Dali: Palais des Beaux Arts. Ends Dec 22.

Tapies, Chillida, López Garcia: three contemporary artists. Musée d'Art Moderne. Ends Dec 22.

NETHERLANDS

Scheveningen, Circus Theatre. Vivid glimpses of Italy and Spain in recent canvases and drawings by Renée Hogeland. Ends Dec 15.

Amsterdam, The traditional open house festival in the Spiegelstraat antiques district. Begins 5 pm Wed.

SPAIN

Madrid, a selection of 182 XVIIth century paintings including Ribera, Caravaggio, Luca Giordano, Vaccaro, Cavallino, Pretti, Caracciolo, Salvatore Rosa, Micco Spadero, Falcone, etc. Palacio de Villahermosa, Prado Museum. Until end of Dec.

NEW YORK

Metropolitan Museum of Art: The travelling show India, arrives from Washington with 350 examples of six centuries and numerous flourishing periods of art and craft. Ends Jan 5.

WASHINGTON

National Gallery: The Treasure Houses of Britain collects 700 objects from 200 stately homes in a show mounted and decorated to look like the quintessential stately home, with paintings by Holbein, Rubens, Van Dyck, Hogarth and Turner among many others, as well as Chippendale furniture, Meissen and Sèvres porcelain and tapestry, jewellery and armour. Ends Mar 9.

Hirshhorn: The recent allegorical and romantic strain in Italian painting is represented in a show of 46 works, primarily paintings, from 13 artists, including lesser known artists such as Carlo Bertocci and Patrizia Cantalupo as well as the well known Sandro Chia, Mimmo Paladino and Carlo Maria Mariani. Ends Jan 5.

TOKYO

Impressionist Masterpieces: From the Art Institute of Chicago, 65 items from one of the world's largest collections trace the development of impressionism from Millet and Courbet forward. Included are Renoir's On the Terrace, and Cézanne's The Bathers. Seibu Museum of Art, Seibu department store, Ikebukuro Branch. Closed Thur. Ends Dec 17.

Saleroom/Antony Thorncroft

Record for 'new' Canaletto

A Canaletto view of the entrance to the Grand Canal in Venice, which was recently discovered by Sotheby's in Scotland, sold for £480,000 in its London saleroom yesterday, an auction record for Canaletto. (He has fetched much more in private sales.)

The painting was discovered in Milngavie, a prosperous Glasgow suburb, and was part of the estate of the late Mr W. A. Shand, a local businessman. It was thought to be a copy of a picture which is in the Royal collection at Windsor. Now it has been judged to be the original. It was bought by an American private collector, bidding on the telephone. In recent months there has been strong US buying of Old Masters.

The highest price in an auction of Old Masters, which totalled £3,970,450, with 21.2 per cent unsold, was the £480,000 paid by another private buyer for "The denial of St Peter" by the 17th century Italian artist known as Il Guercino. The painting had been commissioned by Cardinal Mazarin in 1646. The price, double the estimate, was a record for Il Guercino.

The disappointment was the failure of the top lot, "Christ on the Cross," by the Spanish artist Zurbaran, to find a buyer: it was bought in at £360,000. A Jan van Os still life of flowers and fruit made £253,000, and Harbold of New York paid £242,000 for "Phaeton and Apollo," a modello by Tiepolo. A pair of Venetian views by Canaletto sold for £209,000. A self-portrait of the artist Govaert Flinck, formerly thought to have been a self-portrait of Rembrandt, made £154,000, a record for the artist. It had been owned by Sir Charles Clore.

Top price in the Christie's jewellery sale was the £64,800 paid by the London dealer Music for a most unusual art deco diamond long chain (the top estimate had been £25,000). Mousaieff, the London dealer, bought a pair of art deco diamond pendant earrings for £34,560, and Music paid £24,840 for a diamond flexible wide band bracelet.

Christie's began three days of selling Old Masters drawings yesterday with an auction of architectural and decorative drawings. The Clarendon Gallery paid £2,808 for a Robert Adam design of a section of Findlater Castle in Scotland.

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New dialogues in S. Asia

THE South Asian Association for Regional Co-operation, set up in Bangladesh last weekend, is a useful if modest start to giving the area greater stability.

It does not promise to be a panacea for the subcontinent's many problems. *On the contrary*, it is deliberately cautious in its initial objectives. Its founding charter specifically avoids controversial issues, particularly of a bilateral kind. It rests on certain broad principles which all seven members —India, Pakistan, Bangladesh, Sri Lanka, Bhutan, Nepal and the Maldives—can agree on.

This is a sensible start to an exercise which is long overdue. What the region needs first, as Mr Rajiv Gandhi, India's Prime Minister, rightly pointed out after the meeting, is "to build mutual confidence and trust." Suspicion and double-talk have *all too often triggered conflict* in the region. Experience elsewhere, notably in south-east Asia where the Association of South East Asian Nations plays a broadly similar role, suggests that regional co-operation, however minimal, has a soothing political effect.

The new grouping, which represents one billion people including many of the poorest in the world, will have a full-time secretariat. The seven foreign ministers and their leaders will meet on a regular basis, at least once a year. This in itself is desirable, especially where India and Pakistan are concerned; their record of genuine dialogue since partition in 1947 has been abysmal.

India's apprehension that the other six states in the grouping might use their numerical advantage to force unwelcome policies on Delhi—and the smaller members' fear that they might be the victims of Indian hegemony—has been neatly dealt with by the proviso that all decisions must be taken unanimously.

The seven countries agreed to cooperate in nine areas including agriculture, rural development, health and population. The new association is also likely to make itself felt at *international level as a group* within the General Agreement on Tariffs and Trade (Gatt).

Difficult bilateral issues, however, cannot be shelved indefinitely if the association is to become anything more than a talking shop.

On the question of terrorism *in the region, for example*, the summit in Dhaka appointed a committee of experts to "study terrorism as it affects the stability of the seven and how to cooperate to solve it." This was done without discussing Indian accusations that Pakistan is helping Sikh extremists in Punjab or Sri Lankan charges that India gives sanctuary to Tamil guerrillas.

The summit virtually ignored the question of regional trade although President Muhammad Ershad of Bangladesh later said that trade had been discussed and would eventually be included.

Hostility

The smaller states in the region fear they might be swamped by India if they were to open their doors to free trade on the subcontinent. While there may be some risks involved, a carefully ordered expansion of trade, especially between India and Pakistan, could play an important role in creating the kind of mutual confidence which would yield political dividends.

The seven leaders also managed to call for a comprehensive test ban treaty leading to the complete cessation of testing, production and deployment of nuclear weapons without raising Indian accusations that Pakistan is secretly manufacturing an atomic bomb.

The hostility between India and Pakistan lies at the heart of the subcontinent's problems. It is this which is the indirect cause of the region's arms build-up and to some extent also its political instability. Now that both nations appear on the verge of acquiring nuclear weapons, the need for a solution is even more urgent. South Asia's new club could set the mood for a dialogue but, sooner or later, some straight talking *will be necessary.*

UK attitudes to training

THE LATEST report on British employers' attitudes to training, produced by Coopers and Lybrand, tells a story which is only surprising because it is worse than had been thought. It is not the case that employers and managers recognise their relative disadvantage in training compared with competitive countries and are trying to put it right; instead, they are unaware it exists, are indifferent to training at senior levels and see the training budget as one of the first on which the axe should fall in hard times. One training manager told the inquiry team that he wished they would not bring training to the board's notice because that might remind them to cut his budget again.

The comparators used by the Manpower Services Commission in its present drive to get training higher up the agenda are West Germany, the US and Japan — all countries where the industrial culture is demonstrably richer than in the UK. In West Germany, Chambers of Commerce with statutory powers administer a training system in which only those companies with "meisters," or foremen trained to teach their skills as well as practise them, are permitted to take on young workers. In both the US and Japan, the standard of students going into companies or courses for vocational training is generally much higher — and the skills training much better. In France, a levy of 0.5 per cent of turnover is made to finance training, while the technical schools produce generally good quality candidates.

Statutory backing

Britain has a system in which the stick of statutory backing for training is absent. The falling away in training provision over the past six years has followed the dismantling of the industry training boards in 1982 and 1983; it has also, of course, coincided with a period in which companies saw great pressure on their margins and in which economies were being made at all levels.

The report says the training boards may have to be brought back if attitudes do not change — but the Government, MSC and all others concerned are still putting all their eggs in the basket of voluntarism. Mr Bryan Nicholson, the MSC director, has mooted some ideas for legislative change — including that of giving the UK Chambers of Commerce, which are increasingly more deeply engaged in offering industrial training, some undefined form of statutory backing for their work. He has also proposed a system of individual training credits, jointly funded by employers and employees, on which workers could draw when they needed to.

These ideas will only work if attitudes do change and if employers, employees and unions begin to believe that training is in all their interests. The collapse of the five-year apprenticeship schemes has left nothing in their place which commands widespread approval: a new system requires inputs from all sides.

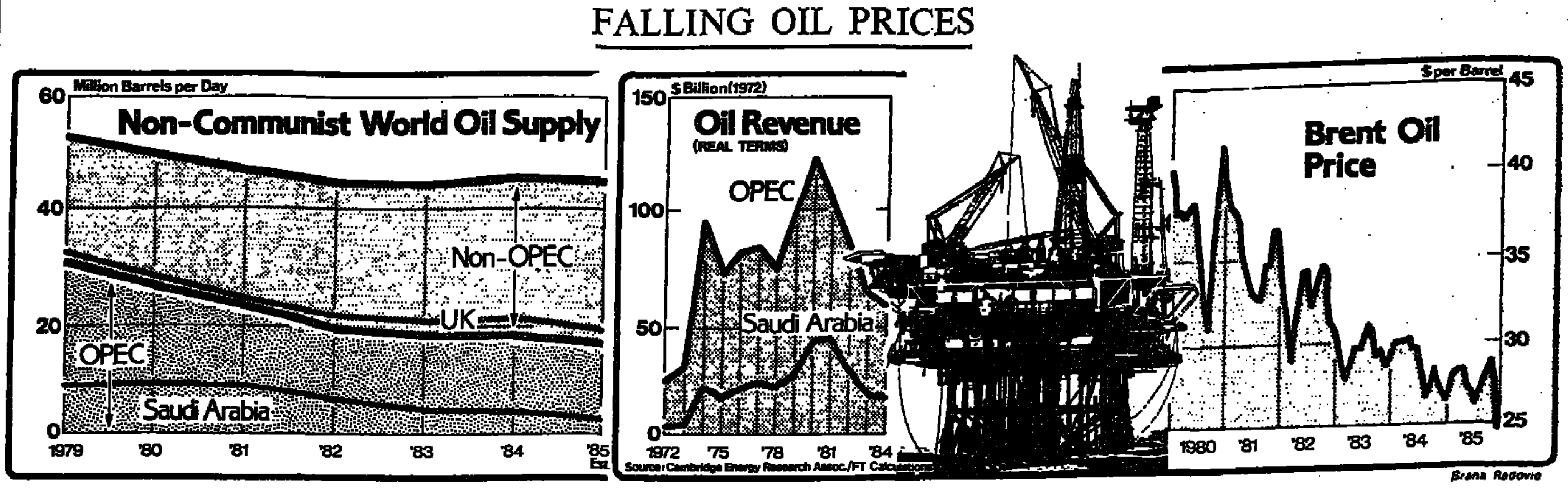
A powerful attraction for employers could be the availability of a cheap labour pool in the form of young school leavers. At present, young workers' wages are often 60 per cent or more of those paid to adults. By contrast, West German youth wages are 15 per cent and French 25 per cent of the adult wage. By providing the carrot of cheap labour, it has been argued, the tighter requirements on employers to train properly becomes sensible and since all employers of any size are within the system, the fears of trained staff being poached by the non-trainers diminish.

Polls have shown an enormous interest among individuals in training. The popularity of evening courses and of the Open University testifies to the willingness of people to seek training on their own initiative. Companies should *be willing to discover what their* employees would be willing to do on their own account, then assist them, to mutual benefit.

The other indispensable element in this is an educational system which can produce young people who are able and willing to benefit from vocational training. The Education Department, with the MSC, is now battling to achieve this—though the teaching profession, or a significant part of it, is unwilling to face the issue until a higher price is put on their cooperation. Here, different attitudes are needed from teachers, pupils and parents towards the *acquisition of skill and knowledge.*

It is in individual companies where the biggest changes are required. Too often employers blame skill shortages on others —the educational system, the Government—when the problem stems largely from their own indifference to training and, even more important, from their failure to make the best use of existing staff. Institutional changes may well be needed, but the experience of the past 20 years suggests that too much confidence should not be placed on a large-scale extension of statutory controls.

FALLING OIL PRICES



Brana Radovic

The Saudis take Opec into new territory

By Max Wilkinson, Resources Editor

THE retreat this week by Opec from its ambition to be a price-fixing cartel is likely to prove one of those historic turning points, formalising a major shift in the rules of the oil game.

The Geneva meeting of the 13 oil producers, almost on Opec's 25th anniversary, may have lacked the high drama surrounding the price explosions of 1973 and 1979 — it comes, after all, after a gradual four-year erosion of Opec's power over the industrial world. But the reversal of the cartel's *fortunes has, for all that*, been one of the more remarkable demonstrations of the power of market forces in the post-war period.

Opec's oil revenues have fallen back in real terms to the level of the mid-1970s, while its share of a declining non-communist world market has tumbled fast—from 50 per cent in 1974 to only 33 per cent last year. The recovery to about 40 per cent this year has been accomplished only by extensive price cutting, particularly by Saudi Arabia.

Oil has proved not to be such an irreplaceable commodity for the industrial world as was assumed in the 1970s. As one analyst said: "The price mechanism worked." It pushed productive capacity to all time records while substitutes and economies have reduced consumption.

The significance of this week's Opec's meeting in Geneva is that for the first time since the cartel was formed, it accepted the consequence of these changes: that prices must fall.

The reaction was an unprecedented fall in oil prices, with North Sea crude offered yesterday at below $24 for February delivery, and severe pressure on sterling in the foreign exchange markets. *This reaction* was amplified by the coincidental timing of the Opec meeting, which came just as spot oil prices started to fall after a period of apparent firmness in demand.

Even before the meeting, the industry was in a state of rare consensus that prices would be significantly lower in the spring and that the underlying trend of the market will be weak for at least two years and perhaps longer. The recent factors which bolstered the price since 1984 — the UK miners' strike, the bombing of Kharg Island in the Gulf and reduced supplies from the Soviet Union — are all seen as obscuring a continued downward trend.

The general view is that prices might fall to as low as $20 per barrel by early next year, if Opec maintains its output at the current level of about 18m b/d, when seasonal demand starts to weaken.

However, the uncertainties are huge, because in a free market there is no obvious economic floor to the price above the marginal operating costs for existing wells. For most Opec oil this is only a few dollars per barrel, and even in the North Sea it would generally be less than $10.

In the absence of a catastrophic fall, therefore, prices will have little direct effect on restraining supply. Similarly, it is doubtful whether a *moderate fall in price* would encourage much extra use of oil. The capital investment in conservation has been so enormous that the trends of the last decade cannot easily be put into reverse.

Studies by the Paris-based Organisation for Economic Co-operation and Development suggest a sluggish reaction of demand to prices. This analysis also implies that it still would be in the economic interest of all oil producers to boost the price by restricting supply. But this is only theory: the recent history of Opec shows that it has been almost impossible to find a way of preventing individual producers from cheating by boosting output at a discounted price.

So, although market forces may have seriously weakened Opec, it does not follow that they have taken over as the only, or even the main influences, over the oil price. This, essentially is the dilemma which now faces Opec—and indeed all oil producers. Opec is engaged in a multi-billion pound political poker game in which each producer is trying to bluff the other players into a concession of some of its potential revenue, and at the same time to draw as many non-members as possible into the circle.

Saudi Arabia moved at the Geneva meeting quite explicitly from its leadership over world oil prices to a new role as a player *in this game, albeit the* one with far the strongest hand.

The refusal of Sheikh Ahmed Zaki Yamani, the Saudi oil minister to take the chair of the Opec's new planning committee seemed, on the face of it, a clear renunciation of the Kingdom's former leadership. However, its decision to accept lower prices as a consequence of maintaining its 4.5m b/d share of Opec 16m b/d production quota is not driven entirely by national self-interest.

Nor was it just a warning to fellow Opec members that the Kingdom will no longer protect them from the price consequences of exceeding their quotas.

The Saudi message was intended to be much more general, and to be directed at producers like the UK and Norway which have shunned membership of the cartel, but have benefited from the high prices and large investment on production that resulted.

In this, Saudi Arabia managed to achieve a ragged common front in Opec.

The delicate, and dangerous, task for Opec now is to manage the moderate fall in prices which Saudi Arabia wants and which most of the other members concede is necessary without triggering a collapse which would be in nobody's interest. Over the longer term, the Saudi view has been that lower oil prices are needed to stimulate world demand for oil to assure a long-term market for Opec producers.

This argument was generally accepted in Geneva although nothing was done at the meeting *to alter the much ignored* official price of the abused production quotas. Algeria and Iran both declined to join the committee set up to consider these matters.

And yesterday Mr Alireo Para, managing director of Petroleos de Venezuala and a special advisor to Opec was at pains to strike a cautionary note that nothing definite had been decided at the meeting and that the price cystem was still in force.

Nevertheless, there has been a visibly agressive aspect to Saudi Arabia's stance since June. It has made 10 separate discounted or "netback" deals with oil companies where prices are linked to the market price of petroleum products. The implied threat to non-Opec producers has to be set against the traditional political caution of the Kingdom. On the other hand the mere decision to main production at its quota level of 4.5m b/d could be associated with a serious collapse in prices if the more pessimistic forecasts of demand prove correct.

A sharp slide in the oil price would have serious consequences for all producers

Saudi Arabia, with perhaps 150 years of supply under the ground, and very low marginal production costs, can easily make up for lower prices by pumping more oil, so the threat is a real one.

There is little chance, however, that other producers will be corralled into a cartel which is unable to fix prices. Britain, for example has stated repeatedly that it will be no party to a price fixing agreement.

On the other hand, a sharp slide in the oil price would have serious consequences for *all producers, including Britain.* Apart from the immediate loss of revenue, lower prices would tend to reduce investment and exploration and so reduce future supply. This, of course, would be to the long-term advantage of Opec countries like Saudi Arabia with abundant reserves.

In the shorter term a cut in the price to below $20 per barrel could have widespread disruptive effects.

In Britain, Treasury studies *suggest* the overall effect on the economy might be broadly neutral, with the inflationary impact of a fall in sterling *broadly cancelled by lower oil* prices, and reduced oil wealth offset by the general stimulus to world economic activity.

But that depends on the assumption of a rather moderate fall in the exchange rate, which the sharp movement of the last two days shows could be highly optimistic. A collapse of sterling could throw the whole of the Government's economic strategy into turmoil, and even without it the political hopes for tax cuts has been jeopardised.

In the US a price below $20 would certainly increase the clamour for an import surcharge to protect the oil industry interests. Moreover many banks exposed to the oil sector would be in "serious though not disastrous" difficulties, according to Mr Richard Adkerson, chief oil analyst for Arthur Andersen, the large US accounting firm.

Although the banking system has broadly recovered from the effects of a series of bad loans to the oil industry in 1982-83, Mr Adkerson says that the slower pace of exploration since then would leave some of the smaller companies with insufficient income to service their debts if the oil price were to fall substantially.

More generally the world's banking system could face a renewed debt crisis as major debtors like Mexico found their oil revenues slashed.

Although clearly some countries like Japan and West Germany, would benefit greatly from lower oil prices, even they would not wish the fall to be so steep as to plunge the world into a turmoil of adjustment.

Opec can therefore look towards powerful influences in the developed world which might in some circumstances be helpful. Nobody foresees exactly how. But it has been suggested, for example, that some North Sea rigs were shut down for a longer maintenance period than was strictly *necessary this summer.*

Also, Mr John Herrington, the US energy secretary, has hinted that if prices fell, the US might use the opportunity to increase its strategic stockpile.

Such actions by the industrial powers could only have a marginal influence on the world's pattern of supply and demand. But at strategic moments, a common perception of advantage by the industrial powers might be important.

But above, however, Saudi Arabia and its supporters in Opec now have no choice but to accommodate themselves to the *quite startling statistics of oil's* decline in the last 10 years. Last year, free world production was some 20 per cent below its 1979 peak; but proven reserves had risen by 7 per cent in the period and 7.5m b/d of new capacity (more than a third of Opec's current output) had been added between 1974 and 1984.

Energy demand in the 10 years to 1984 grew at only an average of 0.5 per cent a year compared with 5 per cent between 1960 and 1973.

Under these influences the price has been falling in real terms in the US since 1981, though the strength of the dollar *masked this* for the rest of the world. Now, with the weakening dollar, the real oil price has been falling in almost all markets in terms of local currencies. In the UK and West Germany, for example, the real price in local currencies fell by about 25 per cent in the first 11 months of this year.

The other side of this currency coin is that Opec producers can buy less for each barrel of oil in the markets of Europe and Japan.

But any hope in Opec that these pressures will bring industrial powers into their circle may be a forlorn one. As one oil man said: "If they can't keep the cattle together in their own ranch, what hope have they of controlling the world?"

Men and Matters

Changes in the air

The US airline industry has always been regarded as a place where senior executives come and go at a startling pace, but there appears to be more turbulence than usual in the executive cockpits of TWA and Pan Am, two of America's best known airlines.

Gerald Gitner, 40, handed in his cards as vice-chairman of Pan American, following a management reshuffle which pushed 45-year-old Martin Shugrue, another vice-chairman, into the co-pilot's seat alongside C. Edward Acker, Pan Am's chief executive.

Shugrue, a Pan Am veteran who started as a flight engineer, has been named chief operating officer, and stands a good chance of taking the controls at Pan Am if anything should happen to Acker—which is not beyond the bounds of possibility *given Wall Street's disenchantment* with the group's financial performance.

Gitner, ex-TWA, Texas, Air, and People Express, was hired by Pan Am in 1982 to shore up its troubled finances, and he is credited with negotiating the recent $1bn order of Airbus Industrie jets. Given his financial skills, it was widely rumoured that he was being lured away to help solve the problems of TWA, Pan Am's arch-rival.

In the event, Gitner confounded the rumour-mongers. He has moved back to Texas Air as president, which will give *that airline's boss, 45-year-old* Frank Lorenzo, more time to plan acquisitions.

But speculation about who was going to run TWA reached such a state last week that Carl Icahn, the Wall Street financier who took control in September, was obliged to break his customary silence and issue a statement in support of Richard Pearson, 50, recently appointed president of TWA.

Icahn denied widespread reports that he had been searching for a new chief executive and that his head-hunters have approached everyone from Bob *Crandall, American Airlines'* chairman, to Pan Am's Edward Acker. But Wall Street remains sceptical about Icahn's denials.

The recent sharp drop in TWA's share price and the delays in raising finance for the 48 per cent of TWA which he does not own have led to further speculation that Icahn's ambitious takeover bid for the biggest US trans-Atlantic carrier is running into problems.

Many analysts believe those problems might be eased if he could find a well respected figure to head his airline.

Busters back

"We've never failed in Rhodesia. We know how," claims the South African newspaper advertisement. The sanctions-busters, it seems, are beginning to sniff opportunities in the threats of economic action against South Africa.

Tucked among the depressing lists of farms and businesses for sale, and ads offering advice on the "disinvestment threat," it offers hope to those who are not yet ready to abandon their swimming pools and devalued investments.

"Sanction busting can solve all your export documentation problems including certificates of origin, attestation, b/l, invoices, etc." the ad says. "We love the difficult ones. Reasonable fees."

But if the advertising columns of the financial press are anything to go by, it is emigration counselling that has become South Africa's newest growth industry. The falling rand and rising violence, spilling from the townships, has sent thousands of worried South African executives scurrying to migration — or "relocation" — consultants for advice on possible *escape routes.*

"About time, too."

Loss of faith

Here is a little parable from West Australia. Father Kevin Glover is the Roman Catholic parish priest in the remote town of Augusta. He is also an investor in the Perth high-tech company, Barrack Technology—for he was confident that Barrack shares would provide the capital *gains needed to finish building* Augusta's new church.

But share prices can fall as well as rise. At Mass recently, Father Glover was forced to confess to the faithful that the parish's shares had fallen from A$2.80 to A$1.40, and that, as a result, there was a shortfall of A$60,000 in the building fund.

Some of the damage from this brush with Mammon was repaired by Father Glover's announcement that his good friend, Denis Horgan, chairman of Barrack's parent group, had come to the rescue with a A$60,000 interest-free loan. *Horgan is a devout Catholic* and owns the nearby Leeuwin estate vineyards where the Royal Philharmonic Orchestra played a charity concert earlier this year.

Neither priest nor patron was keen to talk once the news got outside church circles: "I get a lot of requests like this and it is on very rare occasions I have anything to say about them." Horgan answered. "One thing I can very definitely assure you is that the parish will not lose out on Barrack Technology."

Father Glover, appalled to be seen as a bull loose on the market, was reticent about his stock market punt. "I am not playing the share market. I am not doing anything of the kind. The only regret is that we can't hold on to the stock," he said.

But the church needed finishing, he said, and could not wait for the certain revival of confidence in Barrack.

The church roof is now on—and Barrack shares still stand at A$1.40.

Public accounts

Slowly but surely, the public sector is making its annual reports more intelligible to the people who matter most—its "shareholders," the public.

The best effort this year—winning the Chartered Institute of Public Finance and Accountancy's top award, presented at the Guildhall yesterday by Victor Paige, chairman of NHS management board—was made by Southampton City Council.

But the wider interest now being shown in the issue was reflected by the diversity of the runners-up: The Church Commission of England, the University of London Institute of Education, and West Glamorgan Health Authority.

Taxing times

News to strike terror among the business community.

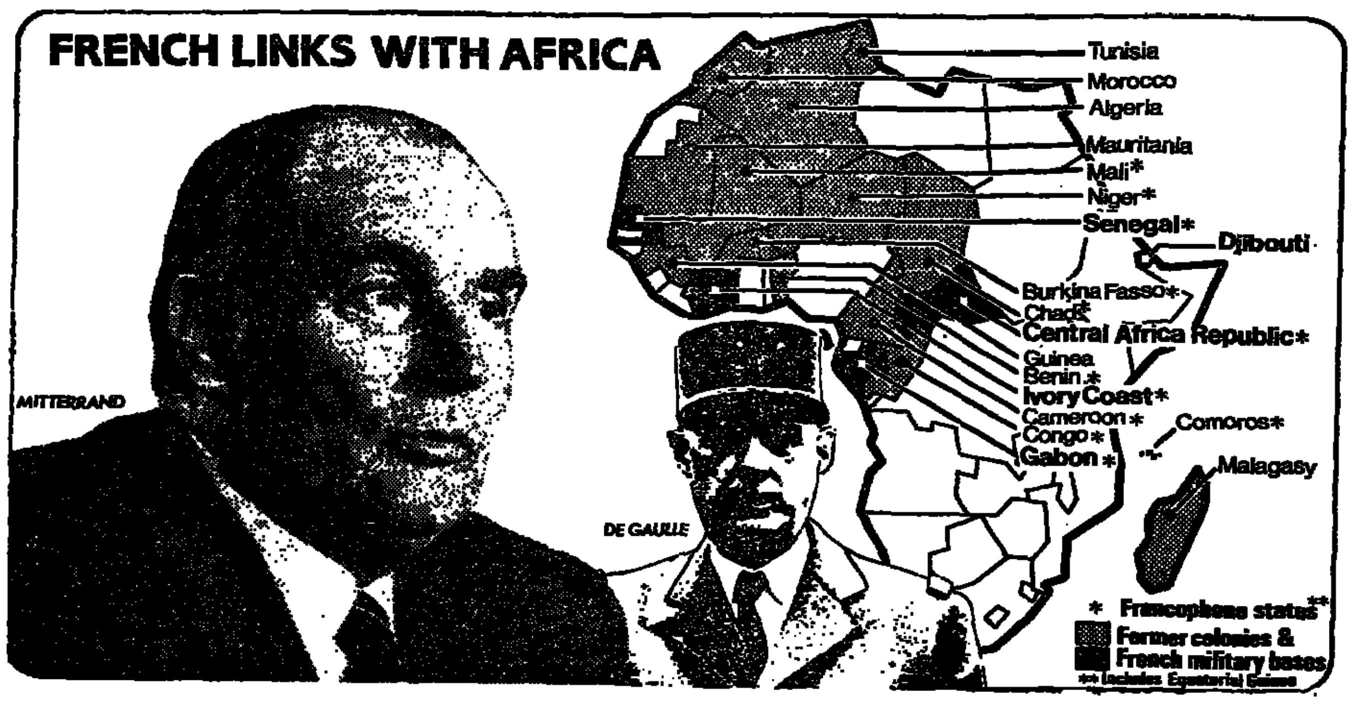
A team of tax collectors has won the brainiest pub of the year award at their watering hole, the Rising Sun, Mill Hill, London.

Observer

AS AFRICAN LEADERS MEET IN PARIS

Plus ca change, mais . . .

By Francis Ghiles, recently in Paris



AS AFRICAN leaders gathered in Paris yesterday for the annual Franco-African summit, *the changing economic relationship* between France and its former colonies could not be far from their minds.

France may have lost an empire in Africa—but 25 years after the last of its colonies achieved independence a complex web of military, trade and cultural links still bind a key *group of African states* to the former metropolitan power.

The French engineer who sips Perrier water at the cafes of Abidjan in the Ivory Coast, the high ranking official in the Central Bank of Guinea, and the *officer who will if necessary play* a combat role in Zaire's elite battalion between them represent the most influential western power in central and western Africa.

Altogether there are 300,000 French expatriates on the continent (in some countries more than during the heyday of colonialism) and France's military presence—7,300 men on 5 bases and a 47,000-strong Force d'Intervention rapide (FAR) on standby at home—represents a key safeguard of Western strategic interest in the region.

It was France, for example, which committed men, *machines and planes* to prop up the faltering regime of Hissene Habre of Chad against a Libyan invasion in 1983 which aroused acute concern in Washington. And in Zaire, mineral rich and almost straddling the waist of Africa, it was France which led an international intervention force during the Shaba rebellions of 1977 and 1978 and arguably saved the day for the pro-Western government of President Mobuto Sese Seko.

But while the military dimension is obviously crucial to superpower concerns, it is France's economic links with Africa which are likely to dominate this week's Paris summit.

France's trade with its former colonies is not as lucrative as it was. Africa's economic recession and stiff competition from North American, Japanese and other European *companies in 1985 have* transformed a once healthy surplus into the first deficit for many years. Increasingly, France is being forced to look beyond the franc zone, one of the pillars on which its influence among former colonies is based.

Thirteen countries, including Guinea Bissau, belong to the French franc zone and Guinea is seeking to rejoin 27 years after the late President Sekou Toure broke off with General de Gaulle.

The zone has a common currency, the Franc CFA (Communauté Financiere Africaine), which is tied to the French franc and whose parity with the franc has not changed since 1948. CFA francs can be transferred freely between the 13 countries.

All members deposit at least 65 per cent of their foreign currency holdings in a special acount held by Ministry of Finance in Paris, the "Comptes d'Opération du Trésor" and which are labelled in French francs.

The French Ministry of Finance pays interest on accounts held by the three banks which manage the French franc CFA Zone (Union Monetaire de l'Ouest Africain, Banque des Etats de l'Afrique Centrale and Banque Centrale des Comores). They also guarantee the value of French franc deposits against the SDR, but there is no such guarantee if the accounts run into the red.

Over the years the system has both helped tie these countries more closely to France and ensured that they "take their medicine before it is too late." Thus runaway inflation and devaluation Ghana-style have been avoided, with the French Ministry of Finance in many ways performing the sort of role performed elsewhere by the IMF. Significantly, the system has also ensured the continued *dominance of French companies* in these countries, all of whom conduct between 40 and 60 per cent of their trade with the former colonial ruler.

Yet despite this historical advantage, France has been facing challenges in its traditional patch, notably from competitors such as Japan, Italy and Canada. Their first targets have been the richer countries such as Cameroon, Gabon and Ivory Coast.

In Cameroon, for example, the Italians have been aggressively bidding against French construction companies since the early 1980s and Canadian companies have won a number of water supply and electrification contracts. Cameroon and Ivory Coast nevertheless continue to buy more than 40 per cent of their imports from France, while Gabon buys 60 per cent of its outside needs.

While fending off these challenges, France is at the same time attempting to break new ground on the continent, *notably in Nigeria. Last year* France overtook the UK as the giant oil rich country's major trading partner, making it her third largest market in Africa after Algeria and Egypt. French companies have deliberately sent some of their brightest managers to break into the African market (to be sent *there is very much BCBG, Bon* Chic, Bon Genre, in Paris) while they have been backed up with competitive export credit facilities and aggressive embassy lobbying on their behalf.

In this battle for new markets, the French have no longer been able to rely on the old-boy network, their close *military links and the cosy* relationships of the French franc zone. Hard work has been put in by major industrial and trading groups such as Peugeot, the Societe Commerciale de l'ouest Africain (SCOA), Spie Batignolles Dumez and Fougerolles and some of the major French banks such as BNP and Societe Generale, all of whom came in on the coat tails of Elf Aquitaine, which has played a significant part in developing the Nigerian oil industry.

For some companies, such as Bouygues, Nigeria represents *40 per cent (or FFr 500m)* of their turnover in Africa.

Companies such as Bouygues, Dumez, *Titan Coder, are also* doing good business in Angola. Paribas has just opened an office in Luanda. The decision, reached last summer after much soul-searching to sell Dauphin Gazelle and Puma *military helicopters to the gov*ernment is bound to strengthen relations further.

Delays in trade payments amounting to an estimated $300m are admittedly making life difficult for many in Nigeria. But the French Minister of Foreign Affairs, M Roland Dumas recently flew to Nigeria *to try to find a solu*tion to the financing problems of Spie Batignolles' Port Harcourt contract.

The fact that private companies and the state work hand in hand in France to win contracts contrasts with what many in Paris feel is a less concerted, and less aggressive British game. "In Nigeria, UK companies rested on their laurels for too long"—the visitor is told in Parision circles.

Besides these economic changes, France has also had to come to terms with a post-independance generation of African leaders.

This period of adjustment, as one official termed it, coincided with the Socialist victory in the spring of 1981—a change which many old Africa hands suspected might lead to a wide-ranging reduction in French interests on *the Continent.*

When in opposition, M Mitterrand has accused the Giscard *Administration of behaving like* a "pyromaniac" in Africa on account of its involvement in regional disputes such as Zaire's troubled Shaba province.

However, M Mitterrand's decision to send troops to Chad *in August 1983 reassured right*-wing francophone leaders.

It was the most striking indicator that French policy on Africa continued to cross party political boundaries and despite some subtle shifts had not *changed significantly since* the latter days of de Gaulle.

The Force Action Rapide and the military co-operation and training provided to African armies cost France FFr 8bn last year but those in charge of run*ning it, such as General Lucien* Beal, who head the Mission de Co-operation Militaire at the Ministry of Co-operation are confident that it is there to stay.

The rise of a new and sometimes more radical generation of African leaders does worry some old hands in Paris. Commandant Thomas Sankara, the *Burkina Fasso head of state,* refuses to attend "neo-colonial" gatherings such as this week's summit. None of the new generation of leaders will have attended the prestigious Ecole Normale Superieure in Paris or *be as close to the French Presi*dent as Leopold Sedar Senghor, the former President of Senegal was to the late George Pompidou. None would have sat in the French Cabinet as the President of Ivory Coast did before 1958.

Most of the new younger African leaders, however, are *in Paris this week* as well as observers from many former British, Spanish and Portuguese colonies. The ties between France and Africa, especially the francophone countries, are as strong as ever.

Lombard

The drawbacks of 'dedicated capital'

By David Lascelles

NOBODY expects the Big Bang to go off without causing losses to at least some of the big City *groupings* that have been formed. Quite rightly, the greatest worry is that groups consisting of a bank and a securities dealing operation, as most of them do, will suffer from what is known in the *business as* "infection": losses on the riskier securities trading side will damage the bank and undermine confidence in the group as a whole.

To prevent this, the Bank of England is asking that the securities business, notably the primary dealerships being formed for the gilt-edged market, be *established* as separate subsidiaries with their own dedicated capital which cannot be easily removed by the parent. The theory is that losses can thus be confined within the securities subsidiary, and protect the bank.

In practice, though, it is quite obvious that things will happen quite differently. Despite the arrangements for insulation, the Bank has made *it clear that it expects* the parent bank to stand fully behind its securities subsidiary. The implication of this is that the bank could still find itself liable — morally if not legally —for losses sustained by the securities trading *subsidiary* over and above its capital. This would be particularly true in cases where the trading subsidiary bears the same name as the parent, as it will in the case of, say Barclays, County Bank and many more. In other words, the bank would still be damaged and suffer a loss of confidence if the securities business went wrong.

If this is the case, there is *surely a flaw in the* arrangements. Why ask these groups to go to the trouble and expense of dedicating capital to special subsidiaries, if their losses will still be borne by the parent bank?

There are, of course, some good reasons. One of them is that a securities operation is such a different creature from a bank that it needs to be separately identified. It would also be possible for a bank to walk away from a troubled subsidiary if it really wanted to, *though at incalculable cost to its* reputation, and to the standing of its other subsidiaries. The separation of gilt-edged trading subsidiaries will also make it easier to ensure that they are all being treated equally and *fairly from a regulatory point* of view, and it will be easier for the Bank to keep track of their movements.

But none of these arguments really answers the charge that separation—as currently envisaged—is superfluous, or at least provides the parent with no protection.

In fact, the best solution to this problem is not, as one might imagine, to abandon the *idea and allow the trading sub*sidiaries to be fully merged with the parent as they would effectively be in practice. It is to go quite the opposite direction and insist that they not only be established as separate *subsidiaries, but as ones from* which all identification with the parent has been obliterated.

In other words, they should not only *not* carry the parent's name. It should also be made quite clear that the parent bank, while owning them, has no responsibility, moral or otherwise, for bearing their losses beyond the capital *it has* invested in them. This means the banks would still have an interest in ensuring that their trading subsidiaries operate profitably, but the extent of their potential exposure would be known and *fixed*.

This would also instil greater discipline in the market as a whole because all participants would have to operate on the assumption that their counter*parties were good for what they* stood for, and nothing more. There was no rich parent in the background ready to bail millions in when things go wrong — or worse, *unready* to bail in millions, as in the case *of Johnson Matthey Bankers.* Naturally, one hopes that the Bank's eagle eye will prevent things even remotely approaching such eventualities, but that is no reason why we should not be prepared for them.

Letters to the Editor

Tax relief for risk capital

From the General Manager, London Enterprise Agency

Sir,—William Dawkins' article "Tax relief for risk capital" (December 9) is a timely reminder, as the business expansion scheme "season" approaches, that the scheme itself is now overdue for a radical overhaul.

The BES, which allows investors in qualifying companies to *offset their investment against* tax, is one of the best measures that the Government has introduced to help the small and medium-sized business. It has, however, as Mr Dawkins points out, been subject to abuses, with first *farming schemes, then* straightforward property investment ventures, being rolled out by the institutions and duly barred by the Chancellor. In both cases the Government's moves are to be applauded: there can be no *logical argument* that says that already safe investment should be given the significant tax advantages that the BES does.

Should the Government decide to adopt William Dawkins' suggestion for a "complete rethink" on the scheme, may I suggest the following points be addressed?

Investors be allowed to be paid some modest level of *remuneration for work* that they do for an investee company. At present an investor becomes "connected" when a salary or fee is paid, and BES relief is disallowed.

The rules regarding the way *in which the investment* is structured be altered, perhaps to allow a loan/equity mix. This would certainly help many companies which are not at present attractive to a BES investor, due to the state of *their balance sheets*.

Alter the rules so that it ceases to be so attractive to invest in the last quarter of the fiscal year, thereby leading to a rash of applications from now until April 5, while good schemes produced in, *say,* July cannot get funds.

As the BES is predominantly a job creation measure, if all else fails why not make qualification subject to the number of jobs likely to be created/saved? One can *see possible* objections to this suggestion, but it would mean an end to the present *situation where the* rules are constantly changed to block each new loophole which *is discovered*.

Peter Lovell.
69 Cannon Street, EC4.

Industry does not attract

From Mr D. Goch

Sir, — John Griffiths (December 5) might perhaps remind his highly intellectual former pupil who is deterred from making a *career in industry by* "dogmatic accountants who have never been within miles of a work-bench and are anxious only to preserve their cushy existence under the status quo" that the computer industry, where he eventually found his niche, has suffered as much as any from a lack of financial disciplines.

The road to high technology is regrettably strewn with the wreckage of businesses that allowed their enthusiasm for the latest innovation to outpace the availability of adequate sup*porting financial resources.* Indeed, as recent events have again demonstrated, brilliant and highly intellectual scientists are often unable to accept the harsh *reality* that the marketplace is not always ready to welcome the *new-fangled* goodies that they have spent so much time and effort in developing.

Those stuffy old accountants are paid to forecast the potential financial consequences of failure (and also success) but they do not usually make the final decisions. The bankers and *the investment* institutions are more often than not the ones who pull the plug when the money is running out. It may not appear this way from Oxford — but there, too, the existence is also fairly cushy, isn't it?

Desmond Goch,
4 Paddock Wood,
Harpenden, Herts.

Licensing life sales

From the Managing Director, Refuge Assurance

*Sir,—In your issue of Decem*ber 2 Eric Short reported my opposition to the idea of including industry-wide testing in the proposed scheme of licensing for life assurance and unit trust salesmen.

When he described the home service offices' products as "relatively unsophisticated" I *had a feeling this was uncom*plimentary to the home service business. I should have had *greater trust* in a man of letters, for when I looked up "sophisticated" I found it meant "adulterated, falsified, not simple or natural. . . ." My faith in unsophisticated home service business and in Eric was restored.

I also realised why every Refuge home service policy I, a poor actuary, have ever purchased for myself has been unsophisticated.

A glance at the league tables of policy performance suggests *that another definition of* "unsophisticated" must be "good value for money."

I will *return if I may to the* aspect of licensing I strongly object to, that is industry-wide testing in the case of authorised businesses with suitable training and testing facilities already for their own staff. As no commensurate mischief has been suggested in the case of home service offices an irrelevant and over elaborate system of testing, which in the end our policyholders will pay for, will be poor value for their money *— a steamroller to crush a flea.*

V. G. Ramsden.
Oxford Street,
Manchester.

Objective reporting

From Mr J. Tocher

Sir, — Philip Bassett's article (December 3) makes some interesting points. When, however, he states that the antics of Mr Condon and Mr Littlejohn may be the first in which industrial reporters have openly sought to influence a union election through news columns, he is way off the mark.

As a candidate in the final ballot for the president of the Amalgamated Union of Engin*eering Workers, and with many* years experience as an official of the union, I can assure Mr Bassett that a continual feature of the AUEW elections has been the intervention of industrial correspondents, as well as lead*ing columnists. Both Mr Condon* and Mr Littlejohn have written on every major election I can remember within our union, and always supporting so-called "moderate" candidates. Mr Condon's support for the late Terry Duffy was a well-known feature of Mr Duffy's campaign for the presidency of our union.

Indeed Mr Condon's obituary to Mr Duffy in the New Statesman praised him for using "*dirty tricks*" that, *if carried* out by anyone identified with the "left" would no doubt have led to a smear campaign similar to that currently being waged against the Transport and General Workers Union. Mr Littlejohn has similarly supported candidates in the pages of the London Standard, as any research would reveal.

As a defender of postal ballot elections for all AUEW officials, the interference of the *Press* does concern me. I make these points, however, not, as some *would, to put all the blame for* setbacks for the progressive *forces on the media, but to set* the record straight.

It is also important, I believe, to make it clear that the majority of industrial correspondents have the full respect and trust of most trade *unionists,* who acknowledge their competence and objective reporting of labour and industrial matters.

John Tocher.
110, Platt Lane,
Rusholme,
Manchester.

Multinationals and jobs

From The Director, International Chamber of Commerce UK

Sir,—Your headline "Multi*nationals 'hit domestic jobs'*" (December 5) is so selective in relation to the subject of Christopher Lorenz' article that it does you less than justice. It does even less justice to the book "Britain and the Multi*nationals*" by Professor John Stopford and Louis Turner.

It is true that the book says *that between 1972 and 1983, 58* leading UK multinationals shed 623,000 jobs in Britain. As Mr Lorenz also correctly states, this was a reduction no greater in percentage terms than that made by domestic UK com*panies. But what is not men*tioned in the article is the net creation of 80,000 new jobs in the UK by foreign-based multinationals over the same period.

Of course this was not as much as we would all like to *see,* but it was *hardly* likely given the overmanning in industry before the oil crisis.

The point of course is that multinational investment is two-way and Britain benefits from international investment in both directions.

G. N. F. Wyburd.
103 New Oxford Street, WC1.

Getting it taped

From Mr J. Bradbury-Williams

Sir,—If the proposals to tax blank tapes of audio and visual material go ahead it will mean that as I dictate on to blank tape and thus create my own copyright I shall have been taxed in advance on something I have created. Surely no *other tax is levied in advance* of the sale, provision of service or point of sale or delivery?

Furthermore, where is the equity of being taxed on something which I wish to claim as *my copyright* and to licence others to use. If this proposal does become enacted then, if the tape is used for material, visual or audio, which is of my origination or creation then it would be appropriate to be able to claim back the tax paid for tapes which are "my" originals.

John Bradbury-Williams.
44 Birdwood Rd.
Maidenhead, Berks.

FINANCIAL TIMES
Thursday December 12 1985

Mary Frings and William Hall report on the biggest civil damages award in US history

Texaco to appeal against $11.1bn ruling

THE SHARES of Texaco, the US oil giant, plunged on Wall Street yesterday after a Texas judge's decision to uphold a $11.1bn damages award against the company – the biggest civil award in US history – in favour of Pennzoil, a relatively *small oil company.*

Texaco, which has described the judgment as "unjustified and unsubstantiated by the overwhelming weight of the evidence and applicable law," said it would appeal against the ruling and has avoided the imminent need to post a $12bn bond which would normally be required under Texas state law in order to lodge an appeal.

The financial markets were stunned, however, by the judge's decision to uphold the jury's verdict. Mr Constantine Fliakos, one of Wall Street's leading oil analysts who works for Merrill Lynch, described the judgment as "pretty bad news" for Texaco and noted that although the company did not have to post a bond immediately, "the company still has to go through a lengthy appeals process and faces a potential liability of over $10bn at a time of falling oil prices."

Texaco shares, which were trading at close to $40 before the jury verdict on November 19, fell again yesterday in heavy trading losing $2⅜ to $28¾. By contrast, Pennzoil shares which had been trading below $50 at the time of the original verdict rose by another $2½ to $68¾ early yesterday.

After a tense bargaining session between lawyers representing Texaco and Pennzoil, which is suing Texaco for breach of contract in last year's $10.1bn takeover battle of Getty Oil, both sides agreed on Tuesday that Texaco could seek a new trial without having to post a bond.

Texaco won the temporary breathing space by agreeing to abide by a stay in judgment granted which prevents it from disposing of assets, or Pennzoil from enforcing liens on Texaco property. However, it appears that the waiver operates only as long as the case is within the jurisdiction of the state district court. Several lawyers said yesterday that if Texaco was to appeal against the decision to a higher court it would be required to post the bond.

According to Pennzoil's chairman, Mr Hugh Liedtke, hammering out the stay of execution agreement with Texaco lawyers in 3½ hours of private negotiations while a packed court waited on tenterhooks for the outcome was "like trying to frisk a wet seal."

Mr Richard Lieb, a partner in New York lawyers Kronish, Lieb, Weiner & Hellman, said yesterday: "Prior to this decision there was a possibility that the Texas state court judge could have voided the jury verdict on the grounds that it was against the weight of evidence. Now that it has been upheld and apparently cannot be appealed without a total bond, it seems to me that the need for a bankruptcy filing is increased unless the parties can agree to a settlement."

Texaco has 30 days in which to file a motion for a new trial and after the request is made State District Judge Solomon Casseb will have 30 days in which to give his answer. If the judge rejects the request, the question of whether Texaco will have to post a $12bn bond resurfaces. It was still far from clear yesterday what would happen.

Asked why Pennzoil was willing to agree not to enforce its liens on Texaco when it was confident of winning judgment in its favour, Mr W. James Kronzer, a Pennzoil lawyer, replied: "To keep the calf fat." He said it was better for Texaco to continue to operate and make the money to pay off its creditors.

However, lawyers familiar with the case said that it was in Pennzoil's interest not to force Texaco to file for bankruptcy. If it did file, then Pennzoil would have to stand in line with all the other creditors in order to get its money. It would *have no priority.*

Mr Lieb, whose firm specialises in bankruptcy law, said yesterday that the decision would put increasing pressure on Texaco and its financial backers. "Until the realisation sets in that bankruptcy is a distinct possibility, if not a probability, nothing happens," said Mr Lieb yesterday. "I think that that realisation, if it has not already, is going to become more significant. It is entirely possible that Texaco is going to have diminishing financial support from its banks and more difficulty in selling its commercial paper."

He argues that Texaco's best course would be to seek a federal court injunction enabling it to appeal without posting a bond. "But the practical and real financial pressures of this whole uncertainty may be such as to force them to file for bankruptcy," he added.

The key elements of the judge's ruling on Tuesday are as follows: Pennzoil shall recover from Texaco actual damages of $7.5bn, plus punitive damages of $3bn. This was the full amount awarded by the jury. The total sum of judgment on which interest at 10 per cent shall begin accruing immediately amounts to $11.12bn.

The stay of execution, a key element in Tuesday's decision, is incorporated in paragraph seven of the judgment, which stipulates that without permission of the court Pennzoil shall not attempt to execute the judgment in the state of Texas or elsewhere.

Texaco shall not pledge, encumber, convey or otherwise dispose of its assets other than in the routine and ordinary course of business. Financing involving sales or pledges of receivables or inventory are agreed to be in the ordinary course of business. Texaco shall keep intact properties and assets now owned by Texaco which were formerly owned by Getty Oil and its affiliates.

If Pennzoil is found to have violated this paragraph seven, Texaco will be granted a new trial. If Texaco files a petition in Chapter 11 of the US bankruptcy code or is found to have violated paragraph seven, the stay of execution becomes void.

THE LEX COLUMN

Any takers for a used bank

The Johnson Matthey Bankers story never ceases to astonish. To judge from the report and accounts *for the 15 months* to June, the bank's previous management scarcely ever extended a reliable loan. JMB's new owner, the Bank of England, has felt it necessary to make total provisions of £254m against a loan book which stood at only £394m at the end of June. Of the remaining advances, roughly half are non-performing.

It is always possible that the present level of provisions will turn out to be unduly conservative but, after the experience of the past year, potential buyers of JMB can be forgiven for suspecting the opposite. So, in the absence of warranties over the remaining assets, the Bank of England will be lucky to extract from JMB both its capital investment and its accumulated losses.

For the central bank and the joint providers of indemnity to emerge without loss, JMB would need to fetch £153m. The bullion business and tax losses in excess of £50m are the obvious incentives but, even adding in the other non-banking interests at optimistic valuations, it is difficult to reach a figure much above £100m without taking a rosy view of the loan book. The Bank's advisers will shortly be despatching memoranda to 20 interested parties. But it is unlikely that anyone without a very big balance sheet will have the courage to take JMB on.

Tate & Lyle

The run-up in Tate & Lyle's share price in a falling market looked a fragile affair, at best; and a 22p drop to 546p was a reasonable response to yesterday's preliminary announcement, however near the stockbrokers' forecasts. By Tate's arithmetic, the year to September saw an increase in pre-tax profits of 17 per cent to £76.7m: however, the switch from year-end to average exchange rates for the translation of US and Canadian earnings flattered yesterday's figures by £4m while storing up what could be a hefty loss for the current year. If one excludes the first-time contribution from the US automotive business, these figures show no growth whatsoever; and shareholders can only rejoice that Tate did not own Brooke Bond in the period.

However, the outlook for this year is somewhat better. In UK sugar refining, Tate is saddled with a structural disadvantage that allows a margin that is a mere fraction of British Sugar's; and it will continue to suffer from BSC's battle for market share in packet sugar. In the devastated US market, Tate's profits surely cannot fall any further; with so much capacity falling out of the market and the soft-drink business entirely lost, Tate can now hope for a return from all the cheap plants it has bought. With a bit of luck, Tate should be able to make around £85m this year, restoring earnings per share to the pre-rights issue level.

Granada Group

For a company involved in two businesses that lose money and one servicing a declining market, Granada Group did well to produce a 20 per cent rise in pre-tax profits to £64.4m for 1984-85. One of the loss-makers – insurance – has now been sold, and the other – business rentals – is still in the development stage and may contribute to profits next year.

The declining market is television rentals. Granada had to buy Telebank just to keep the number of its subscribers static. But at least it can now sell TVs or videos, albeit at lower margins, to those customers who have decided to trade up from rentals to purchase. Though volume may be falling off, Granada has made serious savings by integrating the two chains, and more will come through this year. For the first time, depreciation in the rental business is now higher than capital expenditure, so if turnover does not continue to rise, profits will.

Earnings from bingo and motorway service stations continue to grow, while the commercial television station suffered from high fixed costs and static advertising revenue. But advertising in the last couple of months is well up on last year, and pre-tax profits of £80m for this year should be well within reach. That would put the shares on a prospective p/e of under 12, leaving little in the price for acquisitions – either by or of Granada.

UK takeover rules

It is something of a mystery that Britain's Takeover Panel was willing to allow Scottish & Newcastle 90 minutes of extra time in its offer for Matthew Brown, when S&N was claiming less than 48 per cent of the shares at the advertised closing time. Given that concession, however, it was not hard to see how S&N might manage to pull the extra pints; in a falling market, the unexpected knowledge that a profit can be dragged back from beyond the brink must have seemed like a fund-manager's life-saver.

Whatever the panel's argument for allowing Scottish this special licence, the result is exceedingly unsatisfactory, for the pattern of regulation in London's markets as much as for Matthew Brown. It seems a bad idea for a company's independence to be at the mercy of such last-minute decisions by regulators, and a worse one for the rules on such critical matters as published closing dates and times to be flexibly interpreted. The full panel should think hard about the impact such a decision may have on its future credibility.

UK-Irish talks bring accord on security

By Hugh Carnegy in Belfast

BRITISH AND Irish ministers meeting for the first time under the Anglo-Irish Agreement yesterday announced a new code of conduct for the Royal Ulster Constabulary (RUC), the assignment of extra Irish police to the border with Northern Ireland and the establishment of a working party to examine the province's controversial non-jury courts.

The first meeting of the intergovernmental conference set up under last month's agreement between London and Dublin on Northern Ireland took place in Belfast amid stringent security precautions and protests by Ulster Unionists in which 38 police were injured.

The meeting was chaired jointly by the UK Northern Ireland Secretary of State, Mr Tom King, and the Irish Foreign Minister, Mr Peter Barry. Afterwards, a joint communique said the RUC would introduce the code of conduct next year, a move which will be welcomed by Dublin as a step towards ending Roman Catholic alienation from the predominantly Protestant security forces. It is likely to be bitterly resented by Protestant Unionists, however, who will see it as an unacceptable concession forced on the UK Government by Dublin.

The communiqué said that RUC Chief Constable Sir John Hermon had, like other UK police force chiefs, been considering the move for some time.

It said the two sides had considered ways of improving cross-border security. The Irish side said extra Garda (police) resources had recently been assigned to the border – a key British demand – and that special task forces were being set up.

The conference agreed to create a working group of officials to consider the machinery for further discussion of legal matters. Dublin is pressing for changes in the non-jury, one-judge courts, specially set up for terrorist trials, and the two sides have said they will consider setting up courts with judges from Northern Ireland and the Republic, although this is some way off.

Measures to improve relations between the security forces and the minority community were also discussed. The ministers expressed the objective or ensuring that all army and Ulster Defence Regiment patrols that have contact with the public have a police presence. This has been an important demand of Dublin and the Catholic politicians in the north, and is already RUC policy.

Toyota to spend $800m on new car plant in Kentucky

BY PAUL TAYLOR IN NEW YORK

TOYOTA MOTOR of Japan, the world's second-largest car maker, is to build its first US vehicle assembly plant on a 1,500 acre site in rural Georgetown, Kentucky, Mr Shoichiro Toyoda, president of the Japanese group, announced yesterday in Lexington.

Toyota, Japan's largest car maker and the fourth to build a US assembly plant, will spend over $800m on the project which is expected to create about 3,000 jobs and will begin building up to 200,000 medium-sized cars a year when production starts in 1988.

The choice of Kentucky for the project represents a key strategic decision by Toyota. The new plant will be midway between Honda's plant in Marysville, Ohio, and Nissan's Smyrna plant near Nashville, Tennessee. General Motors (GM), the world's largest car maker, recently chose Spring Hill, near Nashville, for its Saturn car project, which is aimed at building a new range of small cars to compete with Japanese imports.

Among other Japanese vehicle manufacturers, Mazda is building a complex near Detroit and Mitsubishi has announced plans for a joint-venture with Chrysler, the third-largest US car manufacturer, in central Illinois.

Japanese car makers have been keen to build US production facilities to try to circumvent Tokyo guidelines limiting exports to the booming US car market and in response to US protectionist pressures which some fear could lead to the imposition of new import controls by Washington.

The recent appreciation of the yen against the dollar has put further pressure on Japanese car makers, which view US plants as a potential hedge against foreign exchange fluctuations.

Toyota originally announced plans for its US manufacturing plant last summer; at the same time it said it would build a second North American facility in Canada.

The company is expected to announce today that it will build its C$300m car plant at Cambridge, in south-west Ontario, between Toronto and Detroit.

The plant, due to be in production by 1988, will be the third car assembly line planned by Asian car makers in Canada. Honda is building an assembly line north of Toronto, while Hyundai of South Korea last month selected Bromont, Quebec, as the site for assembly of a small car.

Toyota built an aluminium wheel factory last year in British Columbia. According to local reports, the Toyota plant will produce 50,000 Corolla models a year.

Although Toyota does not yet have its own US assembly plant, it builds small cars in the US at the Fremont, California, joint-venture operation with GM – a project widely seen as a testing ground for GM's Saturn project and as an introduction for Toyota to the US labour and motor parts supply market.

The choice of central Kentucky for the US plant is seen as an attempt to avoid some of the labour problems of the Detroit car makers. Unlike Detroit, the mid-South is not highly unionised and Honda and Nissan are both currently opposing recognition of the powerful United Autoworkers Union at their plants.

In addition, the siting of the Honda, Nissan and Saturn projects in the region has already led to an explosion of activity among parts manufacturers, which have sited their own facilities in the mid-South.

Background, Page 6; BL in Japan, Page 9

Relief over success for Cable and Wireless

By Lucy Kellaway in London

THE OFFER for sale in London of shares in Cable and Wireless, one of the largest telecommunications groups in the world, closed yesterday about two times oversubscribed. More than 200,000 applications were still being counted last night. The basis of allocations will be announced today.

The issue was the largest ever after the privatisation of British Telecom last year, raising a total of £933m ($1.34bn). More than £600m of this will go to the British Government, which is selling its remaining 23 per cent stake as a part of its programme of selling state assets to the private sector, while £331m of the proceeds will go to the company.

Since the issue was priced, last week the London stock market has fallen sharply, with Cable and Wireless shares at one point touching the 587p offer price. News of the over subscription was greeted in the market yesterday with some relief and the shares closed up 5p at 595p, although well below the price last week of over 620p.

"The outcome is immensely satisfactory, especially against a difficult market background," J. Henry Schroder Wagg, the merchant bank which is joint sponsor to the issue, said yesterday. "It is a reflection of the successful explanation made to the general public about the nature of Cable and Wireless."

Under the terms of the offer, up to two thirds of the issue was to be made available to the general public and existing shareholders, depending on the level of subscription. About 48.8m of the shares provisionally placed with institutional investors will be clawed back to meet public demand, although a further slice of 5m shares, due to be released if the issue was substantially oversubscribed, has not been triggered. In addition, more than 35m shares are likely to be recalled from the underwriters to meet the demand of existing shareholders.

Intervention fails to halt slide of £

Continued from Page 1

The officials, however anxious to bolster the Government's credibility in financial markets, said that the first priority remained to push down the inflation rate. "If it comes to it the priority will not be tax cuts but the counter-inflation strategy," a senior Treasury official said.

The authorities still hope that the pound may bounce back once order returns to the world oil market, and would obviously hope to weather the storm without a rise in interest rates. There were some signs in the market last night that sterling was steadying.

In the City of London there were differing views on sterling's prospects. Mr Stephen Lewis, chief economist at broker Phillips & Drew, said that the present situation "had all the makings of a sterling crisis."

Mr Ian Harwood, at Rowe & Pitman, however, suggested, that *there was a reasonable chance of* the pound stabilising.

The Bundesbank's intervention on the foreign exchange markets – estimated at around $100m – was interpreted as a reminder that the Group of Five central banks are still prepared to act to prevent any strong recovery in the dollar's value.

The US currency has benefited recently from optimism over progress to cut the US budget deficit, and yesterday gained ground against all the major currencies. It closed in London at DM 2.5425, 0.35 pfennigs higher on the day.

At last night's dinner, Mrs *Thatcher said the Government* would continue its cautious approach of restraining the share of public borrowing in national income and hinted at caution on tax cuts. "We want to reduce taxation for high taxation damages incentives, but we are not prepared to put at risk our paramount objective of lower inflation," she said.

15-month loss of £210m for JMB

Continued from Page 1

eration launched by the Bank of England, and of the apportionment of the bullion bank's huge losses.

This shows that JMB has had to set aside provisions of £254m on a loan book which has been pared back to £394m from £450m at the time of the rescue. The losses are borne mainly by Johnson Matthey plc, the bank's former parent, whose investment in the bank and contribution to the rescue totalling £152m have been wiped out. The rest is borne jointly by the Bank of England and several UK banks

The Bank's £39.15m loss consists of £26.65m under the indemnity and £12.5m as shareholder.

Without the rescue, the report says that JMB would have defaulted on £1.94bn of deposits and a further £4.6bn of forward contracts in the foreign exchange and metals markets.

About 20 would-be purchasers of JMB have come forward. More detailed accounts will be made available to those who sign a confidentiality agreement, and detailed negotiations will begin next year. JMB also expects to launch a negligence suit soon against its former auditors, Arthur Young.

Threat to US tax reform

Continued from Page 1

Senate, keeping the tax reform process alive.

The Republican House leadership, however, made it clear all week that it had vigorous objections to the Democrats' proposal and would defy Mr Reagan's wishes.

Only 14 Republicans yesterday voted to proceed with the debate, along with 188 Democrats. Fifty-nine Democrats joined 164 Republicans in voting to block further consideration of the bill.

Mr Tip O'Neill, the Democratic house speaker, said that Mr Reagan must now quickly deliver a minimum of 50 votes to keep the bill alive. Unless yesterday's action was somehow reversed, "December 11, 12.00 noon, will be remembered as the date the President became a lame duck on the floor of Congress," he said. "Today, with glee in their faces, Republican congressmen voted to humiliate the man who had led them to victory."

A preliminary debate before the vote was dominated by Republicans who claimed the Democratic plan did not represent either tax fairness or tax simplification – defects that would not be corrected in the Senate.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	13	55	Dubrovnik	F	14	57	Malaga	F	18	64	Salzburg	C	3	37
Akrotiri	S	20	68	Faro	C	18	64	Malta	T	13	55	Seoul	S	-5	23
Algiers	S	17	63	Florence	F	10	50	Manila	S	32	90	Singapore	F	31	88
Amsterdam	C	2	36	Frankfurt	C	5	41	Miami	S	23	73	Stockholm	S	-11	12
Athens	F	14	57	Funchal	C	19	66	Milan	C	7	45	Strasbourg	Fg	0	32
Bahrain	S	21	70	Geneva	F	3	37	Moscow	C	-3	27	Sydney	F	23	73
Bangkok	S	33	91	Gibraltar	R	15	59	Munich	Sn	1	34	Taipei	C	16	61
Barcelona	S	10	50	Guernsey	F	9	48	Nairobi	F	26	79	Tangier	–	–	–
Beirut	F	20	68	Helsinki	C	-3	27	Naples	R	12	54	Tehran	–	–	–
Belgrade	C	6	43	H. Kong	R	11	52	New Delhi	R	14	57	Tel Aviv	–	–	–
Berlin	C	4	39	Innsbruck	F	4	39	New York	C	8	46	Tenerife	C	21	70
Biarritz	R	11	52	Inverness	F	7	45	Nice	S	14	57	Tokyo	S	9	48
Blackpool	Fg	5	41	Istanbul	C	12	54	Oporto	S	12	54	Toronto	R	0	32
Bordeaux	C	7	45	Jersey	S	7	45	Oslo	C	-10	14	Tunis	F	18	64
Brussels	Fg	1	34	Jo'burg	S	28	82	Paris	C	4	39	Valencia	F	15	58
Budapest	C	6	43	Las Palmas	C	20	68	Prague	F	3	37	Venice	C	7	45
B. Aires	C	22	72	Lima	F	20	68	Reykjavik	Sl	2	36	Vienna	C	5	41
Cairo	S	20	69	Lisbon	C	11	52	Rio de J'o	C	38	100	Warsaw	C	5	41
Cape Town	S	23	73	Locarno	S	8	46	Rome	F	14	57	Zurich	C	1	34
Caracas	C	27	81	London	C	9	48								
Casablanca	–	–	–	Los Angeles	S	7	45								
Copenhagen	C	0	32	Luxembourg	C	-1	30								
Corfu	F	17	63	Madrid	C	4	39								
Dublin	S	8	45	Majorca	F	15	59								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Marcos to face Aquino

Continued from Page 1

surprised the 8,000 delegates by naming 75-year-old Mr Arturo Tolentino as contender for the vice presidency.

Mr Tolentino has been a vocal critic of the President, and was unceremoniously sacked as Foreign Minister in March because of policy differences. He has even questioned the plan for an early election when one was not officially due until Mr Marcos's current six-year term ended in 18 months' time.

In a country of strong regional loyalties, the choice of Mr Tolentino was unexpected since he comes from neither the central nor southern parts of the country and therefore cannot counterbalance Mr Marcos, who also comes from the north.

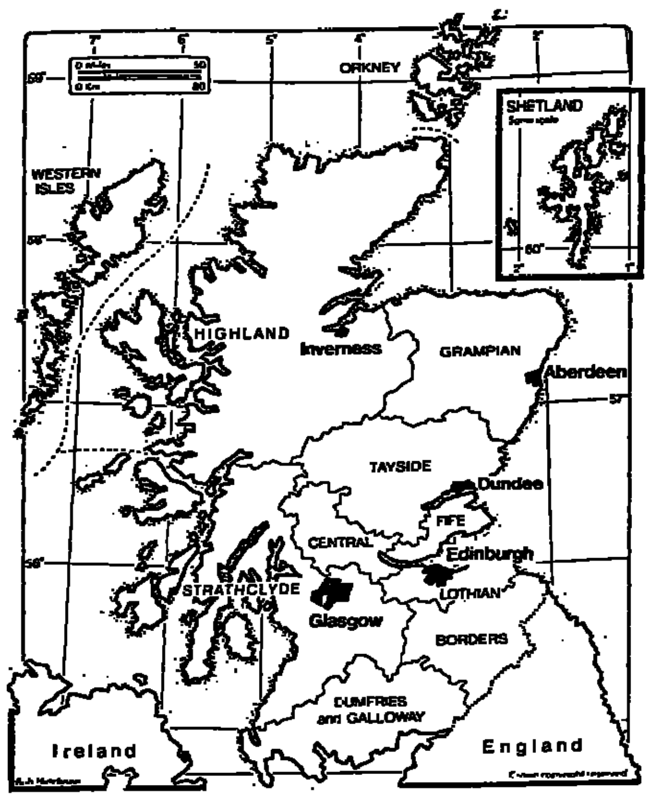
On the other hand, he brings to the ticket a measure of independence, credibility, and, crucially, support from the vast Manila area which, with 5m voters, is the most important of the Philippines' 13 electoral regions. Mr Tolentino successfully retained his seat for the ruling party in Manila in the May 1984, National Assembly elections.

In his acceptance speech yesterday, Mr Marcos accused his opponents of mounting a campaign of slander and calumny against the Government.

FINANCIAL TIMES SURVEY

Scotland

The way Scotland is tackling its economic problems has caught the attention of other blighted areas. But opinions are divided whether the drive for wealth-creating service industries rather than manufacturing will create a genuine recovery



It has been a difficult year for George Younger, the Scottish Secretary, and for the Conservatives, riven by dissent over rates and Ravenscraig

'Graveyard' turns to growth zone

By Mark Meredith, Scottish Correspondent

TEN YEARS ago Scotland was becoming a graveyard for traditional manufacturing industries. Today it has one of the largest electronics sectors in Europe, a growing number of companies supporting exploitation of offshore oil and gas, an alternative financial sector to the City of London and a reviving textiles industry.

It still has grim blackspots—like the Bridgeton area of Glasgow with nearly 50 per cent male unemployment — and the shakeout of manufacturing jobs is still not over. But other parts of Britain are doing much worse.

The way Scotland is tackling its problems has caught the attention of other blighted areas. The approach has also opened up a vigorous debate in Scotland.

The argument concerns the importance being placed on creating jobs in the service sector to generate new wealth. The Scottish Development Agency has broken new ground in its search for new opportunities for growth.

The agency has not given up trying to foster new manufacturing, and has attracted investment which created the electronics industry, now supporting more than 40,000 jobs. But Mr George Mathewson, the chief executive, feels the traditional bias of assistance towards manufacturing is out of balance when wealth is being created through service jobs in restaurants, offices, retailing and finance.

Services

Services account for 64 per cent of the jobs in Scotland, a rise of more than 13 per cent over 20 years. But Mr Mathewson says service jobs in the US have increased by 50 per cent over the same period and asks why it cannot happen in Scotland.

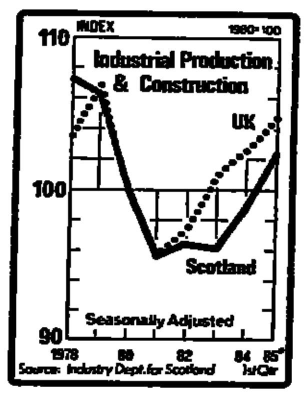
"Jobs will increasingly come from industries supplying the new services we are demanding as consumers," he says. "The growth of service industries is a fundamental issue for the Scottish economy."

Glasgow seems to bear him out. Those who still think of the city as an industrial slum dragged down by the decline of traditional manufacturing should take a second look.

Changes include the new Scottish Exhibition and Conference Centre, the headquarters of Britoil, new shopping and office projects and ambitious plans to regenerate the merchant city which stretches between Queens Street station and the Clyde. The SDA has been able to persuade private capital to join in developing such service industries.

But the service path to wealth has its detractors in the Scottish establishment, the Scottish Office and among some of the country's leading economists. These feel that manufacturing is essential for genuine recovery and will be the real force to bring new jobs.

Some feel that steelmaking should also be part of manufacturing recovery. They fear that British Steel's long-term plan is to close the big Ravenscraig steel works at Motherwell.



"Rather than being symptomatic of a strong economy, the expansion of services in Scotland appears more as a sign of the continuing weakness of the manufacturing base," says the latest Quarterly Commentary of the Fraser of Allander Institute at the University of Strathclyde.

Others complain that services may create wealth but do not have the same link to employment as new manufacturing.

The SDA is not specifically required to tackle the social problems of economic decline. Its urban renewal projects and the task forces it sends on aid missions to blighted areas take on these problems indirectly.

Ironically the agency could not have got as far without extricating itself over the past five years from propping up industry (with the inherent social problems). It now concentrates on new initiatives and behaves in a commercial way attractive to private investors.

The agency has a wide brief and has been highly successful in attracting investment, coaxing US and Japanese electronics companies to set up European bases in Scotland.

The relative strength of the European market has helped these companies ride out the deep troubles which have hit the US electronics sector. One casualty was General Instuments which said last month that it will close its plant in Glenrothes. But in the midst of the troubles, the US Digital Corporation said it would build an £82million factory in South Queensferry.

With a small, relatively centralised economy, opportunities are easier to spot. There is now a co-ordinated effort to seek links between the indigenous electronics industries and the high-technology demands of North Sea oil. The next generation of offshore oil and gas development will depend on new equipment to tap marginal fields at greater depth.

A co-ordinated approach is also being taken to promote Scotland's financial services as an alternative to the City of London. The country wants to assert itself in the face of the revolution under way in the international financial services sector.

Not all news is bad in the traditional industries, with British Leyland's £9m investment expansion of axle production at its Albion works in Glasgow. Pringles of Scotland also plans a new textiles plant at Arbroath, near Dundee, creating up to 550 jobs.

Split

Worries over the future of the Ravenscraig steel works are not likely to go away. The announcement from British Steel that it will close the Gartcosh rolling mill, part of the Ravenscraig complex, has alarmed many who feel it has weakened the long-term outlook for the main mill.

The Ravenscraig issue has split the Conservative party in Scotland with some MPs refusing to back the Government. Government has already had to contend with near rebellion among supporters over this year's mandatory revaluation in Scotland which has seen domestic rates rise by an average of 20 per cent.

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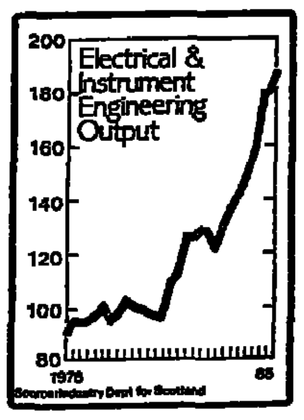
Mixed views about future developments



CONTRARY to popular belief, Scotland's electronics industry is not just any ultra-modern development. Ferranti, set up in the 1940s, is now the largest manufacturing company in Scotland, employing more than 8,000 in 20 locations. IBM and Burroughs moved in during the early 1950s and since then Scotland has succeeded in attracting other household names by offering a mixture of grants and native intellectual capability. But there are mixed feelings about the way the industry is now crystallizing.

Mr Alastair Macpherson, head of the Scottish Development Agency's electronics division, is pleased with the overall contribution of the latest wave of electronics companies to the economy. "Wafer fabrication companies have brought sophi*sticated technologies and* management techniques, while the techniques in semi-conductor fabrication are unique in using a level of skill that requires graduates to be employed in the production process," he says.

"*The semi-conductor industry* has come to Scotland because it can get the level of skills it requires, as well as support facilities and access to the EEC market from within tariff barriers.

"It acts as a market for small specialist companies and provides a base from which other companies will grow." Mr Macpherson estimates, for example, that 5,000 people are employed in wafer fabrication plants, with another 5,000 indirectly employed supplying everything from specialist gases to laundry services.

Foreign-owned companies tend to move from assembly to integrated manufacturing then on to research and development, finishing up with worldwide product responsibility. Though companies now in Scotland may only have reached the first stage, he expects them to move on to stages two, three and four in due course.

As foreign-owned companies' Scottish operations become more mature, they will tend to form closer relationships with universities for research, enhancing technology transfer, he says.

Spin-offs for indigenous companies have not yet been fully realised, but the SDA is carrying out a study to identify possibilities for "import substitution" of products used in the industry. Substitution potential in the electronics industry as a whole is estimated at hundreds of millions of pounds, and in semi-conductors alone, in tens of millions.

"There are some sectors where Scotland could meet demand for these products from existing capacity. If we identify the opportunity for supplying a commodity, priority would be given to local companies," he says.

But Mr David McKay, chairman of the Scottish Electronics

Electronics

Technology Group, representing a cross section of the industry and academics, is concerned that parts of Scottish electronics *are still largely based on* assembly rather than marketing, sales or research and development.

"Marketing and sales within multinationals is based almost everywhere else apart from Scotland. NEC of Japan is one *of the notable exceptions*," he says.

"But it could easily pull out of either manufacturing or marketing. It has its manufacturing base here because of capital grants and development incentives.

"If capital grants are withdrawn, then when a company has to reinvest, there is less incentive for it to stay. With the disappearance of automatic regional support and other government incentives, the silicon part of Scotland's electronic industry is left vulnerable.

"Even NEC has no design capability in Scotland. Hewlett Packard and Burroughs are the only two multinationals with a design as well as a manufacturing base in the country."

Mr McKay welcomes the announcement by IBM and Hewlett Packard that they will build up their research base though he suspects they are *doing that primarily to gain* access to European funding.

One of the other main gaps in the Scottish electronics industry is the "virtually non-existent" component industry, other than semi-conductor foundries and plants for producing printed wiring boards, he says.

Some indication of the fragility of the semi-conductor industry has already emerged. National Semiconductor, making components for personal computers, will lay off 450 staff over the next three years because of the fall in sales.

Livingston new town, with three semi-conductor manufacturers in place and three more aiming to move in over the next two years, illustrates some other limitations of that sector for providing employment.

Mining and heavy engineering have long been the main employers in the surrounding area. They are also now the main source of the long-term unemployed; the decision by BL *to close its Bathgate plant* was one of the latest blows. Unemployment in the area is 17 per cent.

"Semi-conductor companies are recruiting mainly from school-leavers. We would like to see them take more people *from West Lothian's pool of* unemployed," says Mr Alistair Stangoe, principal estates surveyor at the Livingston Development Corporation.

"But we have to recognise that the skills of today's long-term unemployed are not as *desirable to high-tech companies* as they were in the nuts and bolts days."

Mr Stangoe wants more companies to follow in the wake of Cameron Iron Works and Everest Double Glazing with the requirement for more traditional skills.

However, there are areas apart from semi-conductors which Mr Stangoe sees offering potential spin-offs from the electronics industry, such as artificial intelligence and fibre optics. Software development is another.

Alastair Guild

Intellect attracts bulk producer

THE Scottish health care and biotechnology sector has flourished in the past five years, growing from some 74 companies to about 160. *Jobs have* increased from 6,000 to 8,500 in three years.

But many companies have developed products which never reached the market because they cannot manufacture them *in bulk*. Such plants would be too expensive for universities or small companies to build.

In 1987, however, Damon Biotech of Boston will begin large-scale production at a £30m biotechnology plant being built by the Scottish Development Agency in Livingston, near Edinburgh. The Agency is taking an equity stake, and government grants will support training of staff and defray initial capital and research and development costs.

The factory will manufacture monoclonal antibodies used in the diagnosis and treatment of diseases like cancer.

Mr Charles Fairley, director says: "There is a series of trial products waiting to be developed. Companies making diagnostic kits and others interested in anti-cancer therapy and in the management of tumours can at present produce only very small amounts.

"Companies and countries not already involved in the necessary developments will find it increasingly hard over the next four or five years to make their mark.

"Provision of bulk manufacturing facilities will provide a stimulus to scientists who will be able to see a way forward for their products."

Latent research and development expertise and intellectual resources in universities and small companies were largely responsible for attracting Damon to Scotland, he says.

Mr Keith James of Edinburgh University, who visited Damon's plant in the US on behalf of the SDA, welcomes the company's decision to set up in Scotland. The plant will enable large quantities of monoclonals to be produced at a more realistic cost for use in treatment of disease.

Products should also find it easier to get onto the US market, because the plant should meet the required Food and Drug Administration regulations.

Mr James does have some reservations, however. Jobs will be created for scientists in Scotland, but there is a danger that Damon may take the more promising research scientists away from universities.

"Damon will probably initiate its own research by contracting out work to universities," Mr Fairley says. "The labour pool will expand to meet demand. Damon will be able to staff itself almost entirely from the UK because we produce a surplus of medical and veterinary scientists.

"Scotland is still a net exporter of biotech graduates. The SDA's objective is to mop that up. Academics are also

Biotechnology

becoming more involved in the world of industry because of the pressures on university finance."

The European market for monoclonals may be worth US$900m by the early 1990s. "We believe that Damon's presence in Scotland will act as a draw to *companies in the US* and the rest of Europe," Mr Fairley says.

He rejects criticism that the Government helped finance both Damon and Slough-based Celltech which claims to be the world leader in products based *on monoclonal antibodies.*

Celltech cost £12m to set up in 1980, with 44 per cent from the taxpayer and the rest from British financial institutions.

"There is plenty of room in the market for both," Dr Fairley says.

The SDA is now targeting US companies and areas to attract further investment. It recently signed an agreement to develop contacts between companies, venture capital groups, universities and medical institutions in Scotland and Minnesota.

The US state is emerging as a world leader in health products and services. But a recent survey showed that only 7 per cent of sales of biomedical products by Minneapolis companies are outside the US. A base in Scotland is being sold as one way of breaking into the European market.

A.G.

PROFILE: FLEXITECH

Chips from Bute in demand

FLEXIBLE Technology is one of a small but significant group of high-tech companies to set up in Scotland's more remote areas with assistance from the *Highlands and Islands Development* Board.

The island of Bute, where the company has been manufacturing flexible printed circuit boards since 1981, has traditionally depended on agriculture, fishing and tourism for its livelihood. FlexiTech now employs nearly 100 people and next year plans to establish a plant in the US.

Gaeltec, based on Skye and making transducers for medical application, was the first of the companies assisted by the board. Gaeltec Research, a spin-off from the main company designs and manufactures computer-based instrumentation. Other high-tech companies include Highland Electro Optics, Lebnitz Lann and Osprey Electronics.

The Scottish Development Agency wanted FlexiTech to set up in an area with displaced coalminers and steelworkers, says Mr Peter Timms, the managing director. "We were reluctant to take an existing factory and modify it, because our production processes largely determine the layout of the factory."

The board provided FlexiTech with a purpose-built factory and grants and loans to help with set-up costs. In return, it took equity and still holds 18 per cent of share capital. The investment group 3i, which also provided backing, has a 22 per cent stake.

Flexible Technology's circuit board are used by the military, the avionics industry and in general electronic and computer products. The company has been delving into new methods of mounting chips directly onto boards.

A US-based manufacturing plant is now essential because of the Defence Department's reluctance to buy offshore. Mr Timms says. "And soon we will run out of capacity here. We would go to the US with a full order book."

He estimates that the US plant would have an annual turnover of £2m. Set-up costs would be £500,000 and it would need £750,000 of working capital and an additional £250,000 to adapt a factory.

"Funding could be through equity participation or joint venture and 3i is keen to help," Mr Timms says. But he would neither confirm nor deny rumours of an impending bid by Cambridge Electronic Industries.

In the UK the market for flexible circuits is expected to rise beyond £14m by 1987, the year earmarked by Mr Timms for going public. Total UK sales this year are expected to exceed £11m. The company, which started with five people in its 16,500-sq-ft factory, now employs 82 and expects that to grow beyond 100 next year.

"We have captured a large part of the UK market from our three main competitors, all *of which manufacture their* flexibles as an adjunct to other manufacturing activities, and are subsidiaries of big industrial groups. Now most of our growth is coming from overseas clients," he says.

A 6,000-sq-ft building being *provided by the Highlands and* Islands Development Board next to the company's premises will be fitted out at a cost of £200,000.

No dividends have been paid to FlexiTech's shareholders. All earnings have been retained to *help with next year's planned* £380,000 capital expenditure, including £250,000 on equipment for the extension. The new plant will extend production capacity by 40 per cent and allow the company to take over some of the processes it sub-contracts.

From his island home, Mr Timms looks across the sound at the house where he lived when working for IBM at Greenock. He is pleased with island life and views the company's distance from its main markets as "an irrelevance." There is a helicopter service to Scotland's international airports, while parts can reach its US customers the following day by air freight.

A.G.

Sales pitch for technology

North Sea Oil

OIL PRODUCTION from the North Sea was 10 years old this year. The anniversary saw celebrations offshore on Hamilton Brothers' Argyll platform and later in BP's Forties Field, where it all began.

The industry has brought big benefits to the British economy: energy, self-sufficiency and a contribution of about 5 per cent to the gross national product, now worth more than £13bn a year.

The industry has also been a blessing for Scotland. Of the 100,000 oil-related jobs estimated in the UK, about 70,000 are north of the border. It has generated a new industry, brought in new skills and created an infrastructure to support exploration and production

Much of the backup for the industry is based around or in Aberdeen. The city throbs with activity.

But to many British companies working in the support industries, the North Sea has been a qualified success. In the rush for self-sufficiency, the large US oil companies were brought in with their offshore experience to get the oil flowing.

Ten years on British companies feel that foreign penetration remains too high. UK companies last year took 71 per cent of orders for offshore oil and gas developments, worth £2.65bn in 1984. But these included contracts to the UK subsidiaries of foreign companies.

The Department of Energy, has urged foreign operators to give "full and fair" opportunity to British companies. It has said through its Offshore Supplies Office that future offshore exploration and development licences would to a great extent depend on an oil company's track record in placing orders with UK companies.

Oil production is expected to decline in the coming decade and some British oilmen fear it is too late to make real headway against big foreign companies. But this year there have been three developments which may help correct this imbalance:

- The Government has shown it is ready to favour British companies more while paying lip service to its European commitment to give everyone a fair chance.

This form of unofficial protectionism will emerge as the Government scrutinises the applications for offshore licences and pays special attention to what high-technology contracts are going to British companies.

- The British Offshore Energy Technology Board (BOETB) has been reactivated with Mr Alick Buchanan-Smith, the Minister of State for Energy, at its head. The Board will identify areas where research spending by industry and government could be directed.
- The benefit for Scotland is the involvement of the Scottish Development Agency (SDA) as part of the overall promotional strategy for the offshore industry. The Agency will help improve the industrial infrastructure, assist with venture capital for promising companies and identify target areas in high offshore technology for assistance.

The important backdrop to this new, better organised offshore industrial promotion is the final phase of North Sea development. Both industry and government realise that unless British companies are involved in the high-technology areas of offshore production they will be left behind as the oil starts to run out and the international industry moves to fields in countries like China or Canada.

The thrust of promotion will be to back British companies which produce exportable oil technology. The conditions of the North Sea have spawned some unique technology and it is this which the BOETB, as well as the SDA, want to back

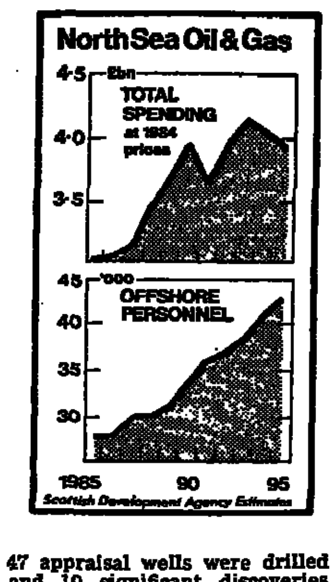
The next phase of offshore exploration will count more than ever on high technology. The search is on for marginal offshore oil fields with reserves too small to merit development unless the oil price is right or fields which will cost more because of their position.

Marginal fields also include oil in more inaccessible areas of the UK continental shelf, such as to the west of the Shetlands into the north Atlantic. Oil development here will be at depths of 2,000 feet and more, about five times the average for the North Sea. The costs of exploration and production will be high.

Marginal fields will require development of special equipment. The small fields may use production systems which do not require a big multi-million-pound fixed steel or concrete platform over them. Systems planted on the seabed will allow oil to be picked up by tankers which lower a line to the wellhead. These systems could also be linked by pipeline to existing platforms.

Seabed systems will also be needed for the deep fields where it will be impossible to construct platforms and where the weather is even more severe than the North Sea. The hostile weather of the North Sea has led to creation of equipment which can withstand winds gusting up to 160 mph and waves 30 metres high.

According to the Department of Energy, 1985 will maintain the high level of oil and gas drilling. In the first 10 months of the year 75 exploratory and 47 appraisal wells were drilled and 10 significant discoveries announced. In September Occidental's Scappa Field became the 30th oil field to come into commercial production.



Scottish Development Agency Estimates

There is much more to come. A survey by stockbroker Wood Mackenzie says more than £8bn is likely to be spent on developing the UK part of the North Sea by the early 1990s. About 10 production developments will probably get under way in the next two years subject to an oil price above US$27 a barrel and a pound sterling trading at $1.35.

Government figures estimate that in the next 15 years oil companies will spend a further £60bn on offshore development in Britain.

The Scottish Development Agency forecasts an average £3.6bn to be spent a year on oil and gas development during the next decade, with orders peaking at more than £4bn in 1993. This could create 15,000 new jobs as much of the business goes to Scotland.

The promotion of the industry has gone through something of an evolution, with the SDA at first believing the policy it has applied successfully to promote electronics would work in the oil and gas sector. The SDA wanted to bring in more large foreign companies in the hope that they created jobs and fostered growth of smaller support *companies through sub*contracts.

This went against the grain for British oil companies seeking more indigenous technology. Now the SDA's thinking is more in line with the Offshore Supplies Office in the hunt for areas of technology which can be developed at home using North Sea experience and which offers export potential.

Mark Meredith

PROFILE: WEIR GROUP AND WILDCAT PROJECTS

Breakthrough by local heroes

TWO SCOTTISH companies, one big and one small, have attacked one of the most difficult areas of offshore technology. The Weir Group in Glasgow and Wildcat Projects in Aberdeen have co-operated in developing a turbodrill for oil exploration.

Big US and French companies dominate the international drilling stage to produce the special techniques and equipment for the North Sea. Ten years on, British oilmen feel strongly that the UK should have a greater presence in technologies such as drilling, and be ready to export expertise and equipment when North Sea reserves start to decline.

So the two Scottish companies have become local heroes to those anxious for a greater indigenous penetration in offshore technology.

The Weir Group, based on pump manufacturing, has already made a sizeable impact with the development of a downhole hydraulic pump to overcome many of the problems of electrical submersible equipment used to push water or mud around the drill bit.

Turnover this year for the pump is expected to be £3m and to reach £8m by 1988. Export orders confirm recognition for the new product's performance. A recent order for six pump sets came from China for the Shengli oilfield.

Wildcat was formed by Mr David Mitchell when he left the Hunting Drilltech directional *drilling company before it* was taken over by the US company Teleco. Direction drilling involves guiding the drill at an angle to reach other parts of the reservoir.

The development of a turbodrill uses expertise from both companies. It will add to Weir's range of downhole products and provide Caledonia Well Control with a new tool for directional drilling. A prototype is due to run by the end of this year. The project has financial back*ing from two oil companies* intending to try it, as well as from the Offshore Supplies Office of the Department of Energy.

The hydraulics drill puts the power at the bottom end instead of turning the whole drillstring from a platform or vessel.

Weir estimates that the drill could generate an annual turnover of about £6m within three years in the North Sea.

It has not been easy getting into this market. The oil business in the North Sea is deeply conservative and suspicious of equipment which might lead to costly failures.

Mr Mitchell and Mr Ian Wood, the head of Wood Group Offshore Services, feel that unless money is pushed into British technology, the UK will not have made a sizeable impact and will not be a recognised supplier to offshore oil and gas developments in other countries in the next century.

"We may already have missed out," Mr Mitchell says. "We are talking about long-term project development over 10 years or so."

Mr Wood feels that up to £30m a year must be spent on *improving* the range of exportable technologies developed in the North Sea. He has complained that the offshore technology base is low and has little relevance to overseas markets.

"Scotland desperately needs new sunrise industries and offshore oil has more potential than electronics in terms of jobs both in the home and export market," he said.

M.M.

Year of Tory rebellion

Politics

THIS IS a year the Conservatives in Scotland will be happy to forget. With a minority 21 of the 72 Scottish seats in Parliament, the party's weak position has been further hit by a full-scale rebellion.

The trouble started early in the year with the revaluation which pushed domestic rates up on average by 20 per cent.

Scottish ratepayers were in uproar. The Scottish Office, still battling with local councils to hold down spending, had to produce £50m in rates relief to those hardest hit and promise rate reform.

Further dissent was sparked within the party by British Steel's decision to close the Gartcosh rolling mill—part of the Ravenscraig complex—next March with the loss of 700 jobs.

The defence of Ravenscraig has enjoyed support across the political spectrum. The intervention of Mr George Younger, the Secretary of State for Scotland, saved the whole Ravenscraig complex two years ago when British Steel wanted to cut capacity.

Mr Younger accepted British Steel's argument, however, that shutting Gartcosh would not endanger Ravenscraig, which has a guaranteed lifespan of three years. Other Scottish Tories fear that the closure of Gartcosh will be a big nail in Ravenscraig's coffin.

Not only did the party break ranks, but one active member has become an outright rebel. Mr Iain Lawson resigned his parliamentary candidacy and his chairmanship of a new group, the Committee for the Communication of Conservative Policies. He has threatened to organise independent Conservative candidates to oppose Scots Tory MPs who back the closure of Gartcosh.

The constituency party in Cunninghame South has also threatened to resign if Gartcosh is closed.

Another prominent Gartcosh rebel, Sir Hector Munro (Dumfries), was ousted as chairman of the Scottish Conservative back-benchers in Parliament by Mr Bill Walker (Tayside North) with support from English colleagues. But support for Sir Hector was strong, and Scottish Tories insisted—much to the Government's embarrassment—that Sir Hector remain Conservative spokesman on the Scottish Select Committee.

The preservation of Gartcosh is still a key issue for Labour, which has 42 seats in Scotland. This year the party leadership in Scotland was rumoured to expect a challenge from the Left which failed to materialise.

Of the 41 re-selection battles, no sitting MP was voted out. Mr Donald Dewar, the shadow Scottish Secretary, received almost two-to-one backing for re-selection against a left-wing aspirant.

The Scottish Nationalists showed at their party conference in Paisley that party divisions have been healed and that the gradualist approach to independence has won over the fundamentalists.

The party has stolen a march over bigger parties in the fight over the merger of the TSB Scotland Trustee Savings Bank with the English-based TSB Group. It has backed depositor groups who have won a court ruling holding up the flotation.

M.M.

Opposed ideas on revolution

Finance

ASK ANY two bankers on Edinburgh's George Street what will be the impact on Scotland of the revolution in the financial services sector and they are likely to give different replies.

One will say the Scottish banks, insurance houses, investment trusts and financial services will be under siege. The formation of financial conglomerates in London will overwhelm them.

The other will be more bullish. Investors will defect from the conglomerates because of likely conflicts of interest, he will claim. These investors will value the independence maintained by Scottish institutions and come north of the border. Talented management may also want to leave the bureaucracy of the conglomerates.

The two bankers will probably agree on one point: because of the general uncertainty in the market it is time to project Scotland's financial services more vigorously. The form of this marketing is likely to emerge from a working group organised by the Scottish Development Agency and *headed by Sir Thomas Risk*, Governor of the Bank of Scotland.

While the City of London is changing, Scots have not stood still. The two independent Scottish clearing banks, the Royal Bank of Scotland and Bank of Scotland, have turned to the English market for new customers.

This year the Royal Group brought together the Scottish bank with its English sister, Williams and Glyn's, followed by the announcement of a 27 per cent increase in yearly pre-tax profits to £166.3m. The Royal also became the first British bank to start underwriting car insurance, with 300 customers a day.

It has bought the merchant banking group Charterhouse Japhet, and last month took a 60 per cent stake in the credit card operation of the Goldberg clothing retail group in Scotland. It plans to take over the whole operation in a few years and greatly expand the range of outlets accepting the cards.

The Bank of Scotland has overcome its lack of an extensive English branch network with some innovative marketing for customers. It started the UK's first computerised home banking service in January.

The Bank of Scotland won an important financial service contract for its Northwest Security finance house to handle Marks and Spencer's new credit card system. The bank is building a credit card processing centre in Scotland.

The Clydesdale Bank, a subsidiary of the Midland, has been restricted to developing its home banking. Earlier this month it launched Readycash combining a savings account for teenagers with access to cash dispensers.

Flotation plans for the Trustee Savings Bank suffered a severe blow in Scotland because of uncertainties about ownership. A court in Edinburgh ruled that the TSB in Scotland belonged to depositors.

M.M.

Fashioning a revival

Wool/Textiles

THE Scottish woollen and textile industries have lost their inhibitions and are vigorously promoting all-year fashions around the world.

The Scottish Woollen Industry, which represents 50 companies making wool-based fabrics, is looking for a 30 to 50 per cent increase in sales to Japan over three years, cashing in on the growing demand from bulk garment manufacturers.

"Next year will see a tweed boom in Japan, where the market for Scottish fabrics was worth £6.8m in 1985. Taiwan and South Korea are also good potential markets for expensive cloth," according to Ms Anne Ritchie, promotions mnager of the Scottish Woollen Publicity Council.

In the past two years Scottish mills have concentrated more on developing lightweight fabrics suitable for export markets. They are also geared to leading fashion companies. "We are attempting to break away from the image of heavy wools and tartans," Ms Ritchie says.

The Harris Tweed Association has also been trying to change the image of its product, spending heavily on glossy advertising.

"Tweed wasn't being perceived properly," says Mr Ash Gupta, managing director of the Edinburgh-based advertising agency handling Harris Tweed. A leading designer has put together ideas for tweed clothes aimed at the younger end of the fashion market.

"Harris tweed has an enormous potential as a fashion fabric," says Mr Gupta. There are now three weights of Harris tweed, and 60 per cent of production is in super lightweights, suitable for spring garments, particularly aimed at exports. Half the exports from the outer isles go to the US.

Both the woollen and tweed industries have had to adapt to changing manpower and training requirements. "Ten years ago, the designer was a technician," Ms Ritchie says. "There is now a much higher standard.

"They tend to be younger, graduates and there are more women designers. That is particularly important with many of our members aiming at the young, graduate and female fashion market."

Until mid-1984 the woollen sector had to cope with a contraction in employees at the same time as an increased demand for products.

The traditional crofter image, which the tweed industry is trying to update.

Some 60 per cent of the woollen industry is in the Borders, and Mr Fergus Wood, director of Scottish Woollen Industry, says Borders Regional Council's policy of attracting high technology companies has drawn skilled workers from the mills.

Another 25 per cent of the industry is in the north of Scotland, competing with highly-paid jobs in the oil industry.

"The craftsmen in the industry are dying out. It is difficult to replace them, because we can't supply trainees in sufficient numbers to make courses cost effective at the College of Textiles in Galashiels," Mr Wood says.

SWI members employ on average 75 people each, with only two companies employing more than 200. Most are unskilled.

Mr Wood believes the size of the companies has been one of the key factors in their ability to resist the pressures affecting mills south of the border.

"Yorkshire mills require much longer runs of the same fabric to be cost effective, while ours are more flexible in responding to changing design requirements. Unlike certain elements of the Yorkshire industry, we didn't go down market when the industry went through a slump. That is paying off, as young people become more interested in quality and less in price."

However, the Scottish industry is susceptible to other factors such as fluctuations in the dollar exchange rate. Wool is priced internationally in dollars, and 80 per cent of that used by Scottish mills is imported.

The New Zealand mutton surplus has discouraged farmers from keeping sheep, which in turn has led to a shortage of wool. The price of cashmere from China has increased as the Chinese have developed their own textile industry.

The Harris Tweed industry is also having to fight to stem a decline in skilled workers. To qualify for the authenticating mark of Harris Tweed, the material has to be made from Scottish wool and hand-woven in the Outer Hebrides. There are now 700 hand-weavers in the islands, with an annual production capacity of 6m yards.

But Mr Donald John Mackay, chief executive of the Harris Tweed Association, is concerned at the numbers of weavers reaching retiring age. About 50 leave the industry each year. But Lews Castle Technical College in Stornoway, is providing training for 50 aspiring weavers.

The SDA is increasingly involved in helping with overseas promotion. It gives £100,000 each year for woollens promotion, and meets some costs of a mill promoting itself in new markets.

The agency supported the project for a Scottish Textile and Technical Centre, the equivalent of the Wool Industry Research Association in England and Wales.

The emphasis will be on improvements in production techniques, according to Mr Richard Ashdown of the SDA Scottish industries division. The agency is supporting, for example, the development of computer-aided design at the Scottish College of Textiles.

Changes in the Scottish carpet industry have been more dramatic than in wool and textiles. The workforce has fallen from 7,500 to 1,500 in six years. Stoddarts employs just over 1,000 of the current total.

"The contract market is taking an increasing share of the UK carpet sales," according to Mr Charles Maclean, the managing director. Woven carpets, which have about 50 per cent of the contract market, have a good future, with design, colour artistry, and carpet performance of increasing importance."

Alastair Guild

Scotch industry rocks

Whisky

TAKEOVER battles have raged this year over Scotland's big money earner, its whisky industry.

A year ago the industry seemed in difficulty. Tomatin Distillers went into liquidation while other producers were hurt by de-stocking and unfilled export hopes. The growing popularity of "fun" drinks like vodka, especially in the US market, was hurting whisky sales.

Supermarkets were undermining some well-known brands with their own label version andn the industry continued to undercut itself by exporting malt whisky in bulk to foreign producers who blend their own brands.

The gloom increased with the announcement by Distillers, the world's largest whisky producer, that it was closing its VAT 69 bottling plant in South Queensferry and White Horse plant in Glasgow. Distilleries were closing too and employment fell from 25,000 in 1978 to under 20,000.

Just as stockbrokers were forecasting better times for Scotch, the action began. Guinness made a well-orchestrated bid in June for Arthur Bell the UK market leader with 20 per cent of home sales. Bell's had been fiercely independent and was diversifying into hotels and looking for a US acquisition.

By August the £356m takeover was complete—but not without considerable acrimony. Guinness gave undertakings that the management of Bell's would remain in Scotland.

This month came the even more controversial £1.8bn bid by the Argyll food group—chaired by Mr James Gulliver, a Scot—for the industry's giant, Distillers.

Mr Bill Spengler, the new American executive deputy chairman of Distillers said: "Mr Gulliver deals in potatoes and cans of beans. He does not understand the whisky business."

Mark Meredith

Rains give genuine cause for complaint

Agriculture

ON ONE day in November, Cape Wrath, at the very upper left-hand edge of Britain, was the hottest place in the country. "There's your summer chaps," the television weatherman said with some irony.

There must have been muffled curses of exasperation from farmers in Scotland who have watched the late autumn sun shine on the most disastrous summer harvest most can remember. Farmers are good at grumbling, but the Scots this year have a real complaint.

In October the National Farmers Union noted the worst cumulative Scottish weather conditions for more than a century; July to September rainfall up to three times normal; and less than three-quarters the usual sunshine.

The NFU told the Government that Scottish Agriculture faced disaster. "All sectors of the industry are affected. Economic disaster in rural areas will follow," it said.

Farmers wondered how they would feed their animals during the winter with insufficient or poor quality fodder. Milk output was down, livestock prices falling, an estimated 80 per cent of the hay crop was destroyed, about 40 per cent of the grain harvest would remain uncut and soft fruit output would be cut by 30 per cent.

Farm property prices fell and many of the 25,500 full-time farm workers were expected to leave the industry. The NFU demanded Government assistance.

Agricultural policy within the EEC may also make this year memorable for Scottish farmers. The Community's aim to encourage farmers to move out of dairy farming may create more sheep production. This in turn could weaken the already vulnerable market for hill farmers in Scotland, who depend on sheep.

Along with compensation for the weather, the European Commission and the British Government were close to agreeing this year's hill farming review. This determines the payments of capital in less favoured areas of the Community. Some 85 per cent of Scotland qualifies for these payments. More than half a hill farmer's income can come from subsidies.

The weather has increased demands from farmers and from the Highlands and Islands Development Board for virtually all the North of Scotland to be designated part of an EEC Integrated Development Programme.

In 1982 the Western Isles was covered by one of three pilot integrated development programmes in the Community. This involves £20m government assistance to agriculture and fisheries to the Outer Hebrides with the EEC refunding 40 per cent of the expenditure.

There is now a strong move to have the rest of the Highlands, along with Orkney and Shetland, included under such a scheme. This would amount to a recognition by the Government of the social costs of much of this territory.

The Scottish Development Agency has been looking at the agricultural areas in the rest of Scotland. It wants to encourage local initiatives to develop agriculture, forestry, fishing, tourism, mineral extraction, alternative energy and industries using the natural environment.

A year ago Mr Alan Stewart, the Minister for Industry and Education at the Scottish Office, invited the SDA to launch a £2m scheme to promote rural areas, called the Programme for Rural Initiatives and Developments (Pride). The SDA then launched the Development of Rural Area Workshops (Draw) to provide accommodation for small businesses in remote areas.

M.M.

Unlikely allies fight Gartcosh closure

Steel

OPPOSITION *in Scotland to the* closure of the Gartcosh steel mill has been almost universal. It has brought together trade unionists, Labour and some Conservative MPs, businessmen and academics and the Scottish Development and Industry Council.

Not all members of this almost unprecedented alliance agree that shutting the cold-strip mill, will lead to the automatic closure of Ravenscraig, which *sends one-third of its hot-strip* to Gartcosh. Trade union representatives, however, are trying to convince Mr George Younger, the Scottish Secretary, and the Commons Scottish affairs Committee that one will be an inevitable consequence of the other. The committee is likely to report before Christmas.

The British Steel announcement on Gartcosh, which rolls steel for the car and domestic appliance industries, was described by the Strathclyde University-based Fraser Allander Institute as the single major development to affect job prospects in Scotland.

In spite of extensive lobbying for replacement of the battery of coke ovens to give Ravenscraig a longer future, it became increasingly apparent that this would not be accepted.

While the closure of Gartcosh mill may not lead to the closure of Ravenscraig "these decisions probably signal the end of the Scottish steel-making industry by the end of the decade," according to the Institute.

After the closure of Gartcosh, Ravenscraig production of wide-strip steel will be transferred to other BSC mills for finishing, as happens with the bulk of its output. But the Gartcosh closure still makes Ravenscraig's future "extremely precarious," the Institute says.

Postponement of a final decision about Ravenscraig for at least three years has been described by some as one of political expediency. BSC, on the other hand, says that the stay of execution is based on economic grounds.

The corporation is making a marginal profit and has been successful in seeing off overseas competition, and so decided to further delay a decision on Ravenscraig for three years.

Ravenscraig's prospects may be helped by BSC's purchase and closure next January of the privately owned Alphasteel hot-strip mill. That has cut 1m tonnes of capacity, satisfying EEC quota requirements.

Though both Ravenscraig and Gartcosh were located in Scotland to encourage the motor industry to set up there in the 1950s, their future according to British Steel, is no longer inexorably linked. With the collapse of car manufacturing in Scotland, overseas orders alone are not enough to keep Gartcosh profitable. Its main overseas customer is the Soviet Union, which buys some 28,000 tonnes a year for the Lada car. Ford in Germany take 9,000 tonnes.

BSC has to be free of subsidy by the end of this year so Gartcosh must close, says the corporation. Its cold-strip mills, at Gartcosh, Shotton, Port Talbot and Llanwern are operating at 60 per cent of capacity.

To bring Gartcosh up to the standard of the other mills would cost £20m, which BSC says would be uneconomic

Demand for steel from Nissan's plant at Washington, County Durham, *are included* in BSC's optimistic forecasts. These assume that Nissan sales will not displace those by existing UK car manufacturers. If they are additional then capacity utilisation at the remaining three cold mills could reach 93 per cent.

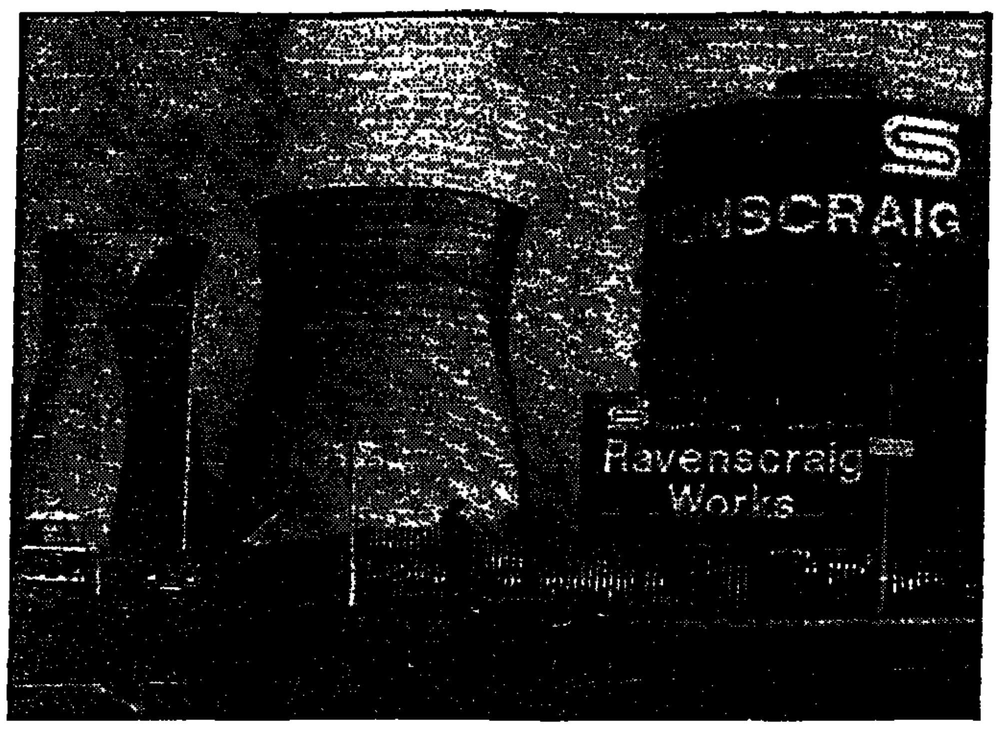
Shotton would be the only plant able to supply Nissan's demands. *It could be supplying* the Japanese with 40,000 tonnes of motor-body sheet steel after 1990. That, says BSC, can only be good news for Ravenscraig, which will supply 75 per cent of Shotton's needs for its coated steel.

As evidence of its intentions for Ravenscraig, the corporation is investing in silica welding technology to prolong the life of the coke ovens by seven years. It has also completed a £15m relining of the plant's No. 3 blast furnace.

The sooner agreement is reached on closure at Gartcosh, says BSC, the greater will be its savings. These savings it will plough back into a fund to help create jobs for workers not wanting to accept employment at other BSC plants.

It has already committed £500,000 for a workshop complex.

Alastair Guild



A decision on the *future* of Ravenscraig steelworks has been postponed for three years

Strike leaves a bitter aftertaste

Coal

SCOTLAND'S coal industry is in a sad state. The bitter, year-long *strike* has accelerated the run-down of a once-thriving mining sector.

When Mr John Loudon, the 64-year-old Scottish area director for the National Coal Board, joined the industry 38 years ago, there were 195 pits producing 23m tonnes of coal a year and employing 83,000 miners and support workers. Today there are nine.

Output is now roughly a quarter—about 100,000 tonnes a week—and manpower has tumbled to 9,000.

The strike has left a bitter aftertaste. It carried out much of the rationalisation wanted by the Coal Board in the first place to shed uneconomic pits. About 4,000 of the 13,000 workers left the industry.

One third of the 33 coalfaces were lost, some because the Board wanted them closed but others because of flooding or fire.

Bogside, Polkemmet and Frances pits were lost as well as the main Podugin face of Seafield. The Polkemmet mine in West Lothian supplied its entire output to the Ravenscraig steelworks at Motherwell. To some, the loss of Polkemmet has hastened the demise of the steel works.

Many of the coal communities have broken up, for as pits have closed, miners have been offered jobs elsewhere. Mines like Bilston Glen now have workers driving in from all parts of Scotland.

The National Union of Mineworkers is trying to pick up the pieces. The strike hurt its resources, so its Scottish newspaper has been stopped and there is doubt about the future of the area headquarters in Edinburgh.

Some 200 miners sacked during the dispute have been refused their jobs back. The board is now offering a return for some, but Mr Mick McGahey, long-time president of the Scottish miners, has put off his retirement pending settlement.

Production is slowly increasing. The Board feels it can match the 150,000 tonnes a week before the strike with existing *resources. For an industry* looking for some encouragement, there could be signs of profitability on the horizon.

M. M.

Fleet waits for structural changes

Fishing

BOOM TIME has hit the little harbour of Kinlochbervie, high on the far north-west coast of Britain, near Cape Wrath. Over the past year skippers of the big fleet of whitefish boats have decided to land their fish at the town.

Up to 50 boats will cram into a space normally taken up by half that number and business at the local hotel has never been so good. Juggernaut freezer lorries queue along the narrow road into the town.

The fleet hunting cod, haddock, plaice or whiting has moved to north-west waters from the North Sea. Fuel costs are high and sailing back to home ports of Fraserburgh, Peterhead or Aberdeen is expensive. So about 30 per cent of the Scottish catch now goes through the small port. Highland Regional Council wants to expand the jetty but is having trouble finding the money.

Some of the territorial worries, but by no means all, were sorted out by the 1983 EEC Common Fisheries Policy deciding which country's boats could fish where and how much they could catch. But structural changes in the industry meant to follow have yet to take effect.

There are still too many boats and processing industries are still too far from the ports where fish are landed.

Fishing is important to Scotland, providing more than half the UK catch. Last year its share was worth £194m, an increase of 14 per cent on the previous year.

Roughly half the 16,300 UK fishermen are in Scotland. They are a fiercely independent breed of entrepreneurs, most of them boat owners.

The Government wants to reduce the number of fishing boats and some have already left the industry with a pay-off. But many Scottish fishermen feel they still have a future and worry that leaving the industry will just mean EEC competitors moving in.

A big worry is the impact of Spain's entry to the EEC with Europe's biggest fishing fleet. An agreement has been reached *keeping the Spanish out of* North Sea waters for 12 years but they will join the hunt off the West Coast.

A more pressing worry for the fishermen has been the impact on local prices of the North Sea oil and gas industries.

They are also picking up more oil industry debris in nets. which sometimes threatens to capsize boats.

The Highlands and Islands Development Board says salmon farming could produce about 10,000 tonnes of fish by 1990. In Highland Region alone there are 68 fish farms employing 500 people Employment on this scale makes a big impact.

Mark Meredith

New industry drive to offset closures

Forestry

WESTERN EUROPE'S last forests largely untapped for economic gains are in Scotland. Nearly 950,000 hectares of woodland include the lion's share of conifers in the UK. But there have been signs that the wood products industry is ready to take on this resource.

A pulp mill, sawmills and chipboard plants have come to grief in the past, and bankers have become suspicious of further ventures. Yet here is *enough wood to make* a sizable impression on the imports which serve most of Britain's timber needs. These cost about £4.5bn last year.

Following the closure of the Wiggins Teape pulp mill at Fort William in 1980, the Scottish Development Agency, Highlands and Islands Development Board, Forestry Commission and private woodland owners joined forces to co-ordinate marketing of Scottish forests and *identify* industries for promotion.

The decision by United Paper *Mills of Finland* to set up a pulp and paper mill at Shotton, in Wales, was not the setback some thought it might be for Scotland. It had the effect of drawing on the woods of *England* and *Wales* and *leaving* the market open for Scotland.

The Scottish Forest Products Development Group co-ordinating the drive for new industries still hopes for a pulp and paper mill to replace Wiggins Teape.

A significant success in promotion came last month with the formal opening of Highland Forest Products, a £12.5m plant at Dalcross, east of Inverness, making oriented strand or *structure board*. This type of board is cheaper than plywood and stronger than chipboard. It is produced by some 36 plants in North America, where it has an established market. Dalcross will be the first production plant outside North America.

Kaukas, the Finnish pulp and paper concern, has hinted that it might set up a pulp plant in Scotland, starting speculation of a follow-up to the board plant.

M. M.

PROFILE: SCOTTISH EXHIBITION CENTRE

A symbol of recovery

THE Scottish Exhibition and Conference Centre has helped change the face of Glasgow. On derelict dockland on the north bank of the Clyde a short walk from the city centre stands a red and white complex creating a new focus of activity and visible evidence that the economy of Scotland's biggest city *is picking up.*

The centre is not quite what you might expect. In spite of a strong line in industrial promotion in Scotland, it is not a shop window for Scottish industry. The planners felt it more important to use the centre to attract more visitors and investors.

The complex, which is only about one fifth the size of the National Exhibition Centre in Birmingham, is designed to pull in not just crowds but also specialised international conferences and the decision-makers who attend them. These visitors will spend an estimated £90 a day each.

But just as important, they will be able to see the way Glasgow has changed from an industrial slum to a city showing positive signs of recovery and new life as a centre for services.

The Scottish Development Agency and private sector investors who have backed the centre hope the decision-makers may reassess their views about Scotland and think about investment.

In spite of its marketing role for Scotland, the centre is *strictly a commercial operation.* Its beginning has been a good one but not without its teething pains. Bookings, according *to Mr Bob Saunders, the* marketing director, are 50 per cent up on expectations. Nearly 50 events have been staged *since the unofficial opening* early in September.

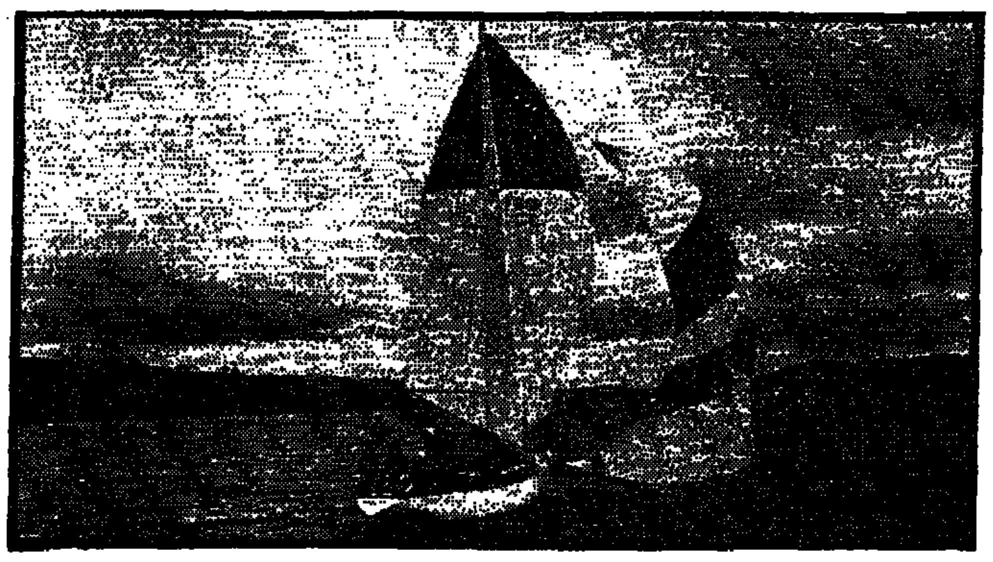
Annuals like the Scottish motor show have helped bring in an estimated half a million visitors already.

The conference market was not expected to start too quickly, as many organisations plan their events three or four years in advance. Mr Saunders reports up to 115 conference inquiries, 22 from international organisations.

"These could mean about £25m to the local economy," he says.

A hotel next to the centre should go ahead after comple*tion of some delicate negotia*tions with local hoteliers who were worried about losing business.

Mark Meredith



Sailing in the Western Islands

US campaign under way

Tourism

"SEPARATENESS is impor*tant to the Scots and crucially* important to selling tourism," says Mr Alan Devereaux, chairman of the Scottish Tourist Board. "With the average American getting only two weeks vacation, we have to be clear about what we are offering."

Some 85 per cent of visitors are from the UK, but 30 per cent of expenditure is by overseas visitors, with North America the largest market.

To help promote Scotland, the board proposes to franchise a network of travel agents in the US. They will be concentrated initially in main centres of population, such as Boston, Baltimore, San Francisco, Houston and Minneapolis—towns with easy access to international airports and with strong Scottish connections.

"Scotland has 325,000 American visitors each year, *spending on average two days* north of the border. We could double that number of visitors and over five years treble the nights spent in Scotland," Mr Devereaux says.

"We are aiming for an extra £100m to £200m of turnover over the period. It is not business that will be won by throwing money at the problem, but more by directed marketing."

The board hopes to increase the annual total of 6m English visitors through a campaign this year called Surprising Scotland.

Hotels in Scotland are, on average, running at only 50 per cent of capacity over the season. The board wants to improve the quality of accommodation and has started a grading and classification scheme.

The Highlands and Islands *region attracts* 4m visitors a year. Its most popular attraction is the Spey Valley in the Cairngorms, with 500,000 visi*tors each year.* Last year the Highlands and Islands Development Board sold £150,000 of ski holidays through its agency, HiLine.

Development of the Lurchers Gully in the Cairngorms as an extension to ski facilities was turned down after objections by conservationists.

The board wants to promote *such developments* because of the spin offs. Aviemore, the centre of the Spey Valley holiday industry, has a 10-month season, which *has* helped stabilise employment and keep young people in the area.

Proposals have been made for the development of ski areas on the Drumochter Pass costing £1.5m, and at Aonach Mor (£5m) near Fort William. Developers are gathering private sector backing.

Improvements to travel facilities *are seen by both* the Highland and the tourist boards as crucial to attracting tourists to more remote areas.

ScotRail, BR's Scottish arm, would consider opening a station at Drumochter should the proposed ski resort go ahead, and may favour *suggestions* for re-opening other highland stations.

Accommodation in the Highlands would meet any upturn in demand, though the Highlands Board is trying to improve hotel facilities such as provision of *swimming* pools or curling rinks through grants for up to 50 per cent of costs.

Alastair Guild

Search for small businesses

The Highland

MR BOB COWAN, chairman of the Highlands and Islands Development Board, often finds his organisation compared with the industrial promotion activities of the Scottish Development *Agency.*

Mr Cowan, based in Inverness, has a different patch and a different role. The Highlands and Islands Board covers the real periphery of Britain from the islands of the Inner Hebrides off the Clyde coast through the Highlands, the Western Isles and up to Orkney and Shetland. Highland region *is the size of Belgium* with 200,000 people—less than the population of a London suburb.

The SDA, in Glasgow, has become the *high-profile* performer in the national economy. It is deeply involved with strategic thinking for new industrial *directions, has helped* develop a sizeable electronics industry and is an active venture capitalist backing company start-ups.

Its greatest impact has been in the Central Belt of Scotland —between Edinburgh and Glasgow, where more than four-fifths of Scotland's 5m people live.

The Highland Board has a social role, which the SDA does not. The SDA looks for, encourages and thinks up winning ideas but the social legacy of severe economic decline is not its responsibility.

Over Mr Cowan's desk come not just proposals for new industry but problems of hill farmers (some of whom rely on subsidies for more than half their incomes) and ideas to help crofters in the Outer Isles or to foster cottage craft industries.

Public expectations for the Highland Board have been high —too high considering the modest industrial prospects of the far North compared with the more prosperous South.

Large, private-sector initiatives are uncommon in this part of Britain. The Highland Board is expected to tackle the problems and occasionally it has gone wrong, such as the failure of a fish-drying plant it built in the Western Isles.

About three-quarters of board assistance is in amounts less than £10,000, aimed at small businesses. But there have been *some big projects,* such as the £12.5m plant producing structure board near Inverness. There are now hopes for a pulp *mill to draw on forest resources.*

The Highlands have a stake in the North Sea oil industry with the development of Cromarty Firth as a maintenance base for rigs and support vessels. Oil-related employment is about 8,000 and a cluster of small engineering and service companies have built up along the northern shore of the Firth.

Some *new* industries have been tempted by the Invergorden Enterprise Zone, set up a year ago after British Alu*minium closed its* smelter in 1981 with the loss of more than 800 jobs.

Companies do move to the *Highlands occasionally because* some businessmen want to be close to the winter sports or surrounded by the stunning *scenery.*

"But there is little managed money in the Highlands and also a lack of management," Mr *Cowan says.* Banks are unlikely to make big investment decisions there and the ability of the small financial community *to* assess large risks is weak.

Changes

Mr Cowan would like to see investments under the Business Expansion Scheme, which is more suited to the small enterprises of his area.

Fish farming has been a success for the board. It paid £2.8m in grants for fish farms last year and applications are in *for £7m.*. The Board also administers tourism, which is a main source of employment.

Changes in regional policy last year removed assisted area status but the board was assured by the government that worthwhile projects would not be starved of funds. The Highlands and Islands remain eligible for EEC assistance.

Mr Cowan wants to extend the Integrated Development Programme introduced in the Western Isles in 1983, which co-ordinates EEC assistance to farmers and fishermen with government-backed aid to other parts of the economy.

"We must bring the social element into our thinking. The IDP structure for the mainland might help provide an alternative for farmers, such as fish farming or even tourism," he says.

M.M.

Region of diverse heritage

Central Region

THE Central Region's three districts reflect their different industrial and commercial heritage. Stirling, from a strategic position on the River Forth, has evolved as the administrative, distribution and tourist centre. Falkirk, which played an important role in Scotland's industrial revolution, contains the bulk of the region's manufacturing. Clackmannan District, centred on Alloa is still a brewing area, and has a long involvement with textiles and glass.

Each has had to contend with substantial rises in unemployment since the late 1970s. Alloa, *with a total of 3,490 out of work* (19.9 per cent) has the highest youth unemployment rate in Scotland. There have been lay*offs in the textile industry; cuts* by Distillers which had a knock-on effect on United Glass's output of bottles; while Weir *Pumps transferred its manufac*turing plant to the Glasgow area with the loss of around 400 jobs.

Urgency

In Falkirk redundancies in engineering have contributed to an unemployment rate of 17.9 per cent. This year BP announced a reduction in its Grangemouth Refinery workforce of 300 over three years. But £50m will be invested to modernise plant and processes and 40 mainly local companies are employed in 140 smaller contracts upgrading the refinery and improving energy conservation systems.

Eighteen month ago, Central Region set up an industrial development department, partly to counter growing unemployment. The work was given added urgency when Falkirk was downgraded from a development area to an intermediate area, and Stirling from an intermediate area to a non-assisted area. Alloa retained its intermediate area status.

"A main task has been to identify and build on the region's strengths," says Mr John Morgan, Central's industrial promotions officer. "We have no automatic grants and have to compete with Livingston and Cumbernauld new towns for investment."

Nevertheless, Central is not hostile to Cumbernauld and Livingston as companies there will draw on services provided in the region. Also, 21 per cent of the working population living in Central work outside the region.

The industrial development department has launched a campaign to attract "downstream" development to Grangemouth, making further use of feedstock and communications. The BP refinery already pipes gas to Calor Gas's filling plant and Calor has concentrated its administrative, sales and distribution at Grangemouth.

Central also sees the potential of an innovation park next to Stirling University. The University, the council and the Scottish Development Agency are funding development of a 14-acre site. The regional council has commissioned a study to identify UK companies which may be interested in tapping the university's expertise in computer science, information technology biochemistry.

"Our biggest success during the past 18 months has been the decision by Wang Laboratories to locate its European manufacturing plant on the campus," Mr Morgan *says.* If Wang proceeds with the next phases of its development, a further 500 jobs could be created.

To help foster the engineering sector, the regional council may embark on a study, with possible SDA assistance, to identify growth areas and pinpoint what the council should be doing as a catalyst.

The *fourth main element in* the region's strategy is services and distribution, with its close proximity to road and rail net*works. One example is Con*trail, which provides an import and export service across Europe from its freight forwarding operation off the M8.

The industrial development department with an annual budget of £2.5m is also the council's main property arm. Some 55 per cent of the 500,000 sq ft of factory and warehouse accommodation owned by the region is let, at rents from £1.80 to £3.00 per sq ft.

In Clackmannan instead of *seeking* to solve the unemployment problem by one big investment, the regional council converted a school into 15 start-up units now let. With the local district council it is building seven factories from 500 to 1,000 sq ft.

A.G.

JOBS COLUMN

None so blind as those who will not see

BY MICHAEL DIXON

LEGEND has it that if you want to know how British civil servants feel about an issue, you have to look under their desks. They are so conditioned to present an impassive appearance that their sole means of giving vent to their emotions is threshing their legs around.

If so, it can only be the cushioning effect of bureaucratic trousers that is preventing certain governmental offices from sounding like meadows full of crickets. The said premises belong to the Manpower Services Commission and the National Economic Development Office. And the cause of the below-desk balletic explosion within them is a report just produced by management consultants Coopers and Lybrand on top British executives' attitudes to training.

The MSC and NEDO have jointly described the attitudes revealed by the report as "complacent," which is blistering language by Civil Service standards. But what they really mean of course — as my colleague Alan Pike pointed out on page 12 of the FT yesterday —is "ignorant." What is more the ignorance in question is the worst of the three kinds of ignorance defined by the celebrated verse.

He who knows and knows he knows,
he is a wise man—seek him.
He who knows and knows not he knows,
he is asleep—wake him.
He who knows not and knows he knows not,
he is a child—teach him.
He who knows not and knows not he knows not,
he is a fool—shun him.

Readers doubting that most of Britain's senior managers are ignorant of their ignorance about training have only to skim through the Coopers and Lybrand report. Based on studies of about 60 companies ranging from small to vast, it contains plenty of confirming observations such as:

". . . in most firms, senior executives did not know how much training their own firm was doing or its cost, and only informal networks supplied them with any information about competitors' behaviour on training. Despite the dearth of information, most still thought their performance was above average for their sector."

Few chief executives, in particular, knew much about their company's training activity. Moreover it seems that the little that they did know was in many cases wrong.

Take costs for instance. Although the bulk of the companies had training budgets, these mostly understated the true expense. The main reason was that no account was taken of the pay of employees under training away from their normal work. "In fact," the management consultants say, "more than a few of the training managers and personnel directors we interviewed told us that it was better that the full cost of their firm's training should not be made known to the board, because if it were the board might wish to reduce it."

How about that in a country where the MSC estimates that the average annual investment in developing a person's work skills is £200 compared with about £1,500 in the United States?

But where comparisons with overseas competitors' practices are concerned, most British top managers evidently go beyond just not knowing that they do not know. They also do not wish to know. "Very few indeed sought to make international comparisons: many considered that such comparisons were either irrelevant or could not be made in a way which was valid."

Boneheaded

Seeking to penetrate such purblind boneheadedness — which we are told persists among financial analysts as well as senior executives—anyone *outside a Civil Service office* would no doubt make gentle preliminary gestures with a pneumatic drill pending the delivery of a ton or so of dynamite. Instead, the MSC and NEDO have settled for opening with yet another attempt to get through the blockage by exhortation and persuasion backed by hints that they have one or two frighteners in reserve.

Their ultimate bogeyman is the idea of again saddling companies in general with statutory training boards, which the report stresses "would be very unpopular with many employers." Before going to such desperate lengths, however, Government might try setting up a national Individual Training Credit scheme.

It "would operate somewhat like the arrangements for occupational pensions: employers and employees would contribute to an individual's 'entitlement' to a volume of training, some of which could be drawn in advance of building up the entitlement." For example, all people over compulsory school age could be given a voucher crediting them with the right to a certain amount of training at the joint expense of companies and people on their payrolls. It would then be up to the voucher-holder to decide when and on what sorts of training to cash it.

Coopers and Lybrand think such a scheme might increase demand for training by individual employees who, although mostly willing to attend courses in their own time, tend to be reluctant to finance them with their own money. But a less elaborate way of achieving a similar effect, the consultants add, might be to follow the example of overseas countries and allow every individual tax-relief on job-related training.

Even so, while the report represents the best attempt yet to rid Britain of its blockheaded attitude to training, I sadly have doubts that it will succeed. My reason is that I believe that our leading citizens' overwhelming ignorance of their ignorance on the matter is founded in snobbery, and accordingly constitutes the most crushing kind of ignorance there is.

It shows itself in top people's overwhelming assumption that practical training is not only essentially different from education, but also distinctly inferior to it.

The prevailing view is that education is for "able" people with the capacity to develop intellectual skills. As a result they become capable both of appreciating the good things in life, and of carrying out the superior work of deciding what mundane jobs need doing and how they should be done. I have little doubt that the bulk of Britain's leaders still believe without question that the only essential qualification for managerial work is "the right kind of social and educational background, you know."

Training, on the other hand, is viewed as something for "less able" people with the capacity to develop only a more narrowly applicable range of skills to be used in carrying out the tasks which educated people determine should be done.

That imagined division of education and training into superior and inferior activities is clearly nonsensical, of course.

"Training" can surely best be defined as "instruction in specific skills." Without instruction in the specific skills of reading, writing and numbering, children cannot even start becoming educated. Moreover people who have reached a particular level of education are often unable to progress further without training in additional specific skills—those of statistics, for example.

So in reality training is both the foundation stone of education and an inseparable part of its further development.

But the reality seems to have little chance of penetrating through the ignorance of ignorance prevailing in Britain's most influential quarters. And whatever the chiefs of the MSC and NDO may say, that ignorance is not confined to the leaders of business companies.

It is evidently shared also by Cabinet Ministers who continue to quarantine training away from education by having the two largely administered by separate government machines. What is more, the same ignorance appears to be abroad in the topmost levels even of the Manpower Services Commission —as witness the recent statement of the commission's director Geoffrey Holland that training will "rapidly become the normal way into a company for any young person who is not a graduate."

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The salary being offered is substantial and will be reviewed in the light of individual performance. A company car will be provided together with pension, life, disability and medical cover.
We have requested Hoggett Bowers to assist us in our search for the right candidates.

Male or female candidates should submit in *confidence* a comprehensive c.v. or telephone for a personal history form to *M. Gould,* Hoggett Bowers plc, *6th Floor, Sutherland House, 5/6 Argyll Street,* LONDON, *W1V 1AD,* 01-734 6852, quoting *Ref: 21014/FT.*

Hoggett Bowers
Executive Search and Selection Consultants

ECONOMIST

c£20,000 plus Benefits

The Royal Bank of Scotland is seeking an experienced economist to head the London Office of its Economics Department and Information Library. The Department, which has offices in both Edinburgh and London, is *responsible for providing a comprehensive economic* intelligence, information and advice service to the Bank and its customers, as well as producing a range of economic and financial publications. The successful candidate will lead a small team of economists with primary responsibility for analysis of overseas economies and will play a key role in advising the Bank's senior management, particularly on financial markets and trends.
Relevant experience in the financial sector would be an advantage but the post may also be of interest to suitably qualified mid-career academic economists (in the latter case, initially on a 3/5 year term contract).
The post carries a number of attractive fringe benefits including staff house purchase loan facilities, a car and a non-contributory pension scheme.
Please apply in writing to:
P. D. Richards, Esq., Senior Personnel Manager, Personnel Department, The Royal Bank of Scotland plc, New London Bridge House, 25 London Bridge Street, London SE1 9SX.

The Royal Bank of Scotland plc

Citibank's
London Treasury is seeking a

Foreign Exchange Dealer

with specialised experience of European and/or Far Eastern currencies to join their expanded World Currency Desk.

The ideal candidate would have 2-3 years of market experience and bring specific knowledge of one or more currencies to a team that specialises in European/Far Eastern currencies.

This is an excellent opportunity for a strong, highly-motivated, young trader to join one of Europe's top FX dealing rooms.

Please apply in confidence (with full C.V.) to: Lorraine Trainer, Group Personnel Officer, Citibank N.A., P.O. Box 78, 336 Strand, London WC2R 1HB. Telephone (01) 438-1215

CITIBANK

CJA

RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
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Telex No. 887374 Fax No. 01-638 9216

High profile appointment with excellent prospects for advancement to marketing position in 24 – 36 months.

CJRA

SENIOR CREDIT ANALYST – CORPORATE BANKING

LONDON — £17,000 – £20,000 + *Mortgage*

MAJOR INTERNATIONAL BANK – ASSETS IN EXCESS OF US $50 BILLION

Applications are invited from graduates, aged 25-28, with at least 2 years' experience in credit and financial analysis in a commercial or international bank, using computerised techniques. The successful candidate will support a small team of senior managers developing and co-ordinating the Bank's business with major UK multi-nationals and large UK-based subsidiaries of multi-nationals located elsewhere in the world. These complex financing projects, operating in competitive and rapidly-changing markets, *require initiative, commercial ingenuity and speed of action*, together with a strong service-orientated approach. Responsibilities will cover the preparation, analysis and processing of credits, analysis of *innovative financing techniques, security documentation, market research and taking a lead in maintaining/developing the* Management Information Systems on IBM PC's. Excellent analytical and communication skills are essential to liaise with top financial and legal executives, both within the Bank and externally. Initial salary negotiable £17,000 – £20,000 + mortgage facility, non-contributory pension, free life assurance, subsidised medical insurance. Applications in strict confidence, under reference SCA 17374/FT, will be forwarded unopened to our client, unless they are included in a list of Banks to which your application should not be sent, in a covering letter addressed to the Security Manager: **CJRA.**

Excellent career opportunity for aspiring dealers.

CJRA

STOCK EXCHANGE BLUEBUTTONS

CITY — SALARY PACKAGE: £8,000-£12,000

The Equity Market Making subsidiary of a leading firm of London stockbrokers has vacancies for Trainee Market Makers. The successful applicants are likely to be aged 18-24 and will have had at least 1 years experience working with a jobber. Reporting to the Section Head the successful applicants will work as part of a small and highly professional team. Comprehensive on-the-job training will be provided and promotion to fully authorised dealer status will be rapid. We offer a salary package of £8,000-£12,000 aae plus the usual benefits expected of a large London brokers. Applications in strict confidence under reference SEB17355/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: **CJRA.**

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH.

COMPANIES REQUIRING ASSISTANCE ON RECRUITMENT PLEASE TELEPHONE 01-628 7539

With your knowledge of FOREX Why head for the Scrap Heap at 35

It is widely said that the pressures on FOREX dealers is so great they are burnt out at 35.

So surely any *system that would substantially* ease that pressure must be good news — and must sell.

Informatik-Forum, a world leader in high technology FOREX systems, has such a system in VALUTA.

Specially developed for foreign exchange departments, it provides FOREX dealers with all the necessary information for their daily work. Fully integrated with all external services, data is automatically and constantly updated while the dealer is kept in communication with dealing room activities.

This system, used by some of the largest and most prestigious banks in the world, was successfully introduced into the UK over 2 years ago.

But to appreciate the true value of VALUTA you must have an indepth understanding of the FOREX market. To *sell it you must also* understand what makes a FOREX dealer tick and have wide contacts in the business and that is why we are looking more to the FOREX market itself to find the right man or woman to ensure our *continued* success and growth. Selling and systems experience would *of course* also be ideal.

Reporting to the Marketing Manager you would be based in London with the UK market being your prime concern. But the provision of support to the company's international operations will mean some world travel.

The remuneration package is negotiable *at around* £22,000 including car plus commission. But that is only the *beginning* — there is no limit on earnings.

In the first instance please write with brief career details to: Wendy Sykes, Informatik-Forum (UK) Ltd., 64 South Audley Street, London W1Y 5FD. Tel: 01-409 1581.

GOLDMAN SACHS INTERNATIONAL GROUP

LONDON

Funding Manager

Applications are invited for a position as funding manager for our international businesses. Prime responsibility will be to raise finance and to borrow securities to cover short positions, particularly for our gilt edged market making activities. This post will involve close liaison with our traders, salespeople and our financing staff in New York. We run one of the more extensive positions in the market. The successful candidate should have a background in financing and money dealing or funding with either a Bank Treasury Department or a Discount House or previous experience with a Stock Exchange Money Broker.

Applications, including full details, should be sent in strict confidence to:

MANAGER INTERNATIONAL TREASURY
GOLDMAN SACHS INTERNATIONAL CORP
5 OLD BAILEY
LONDON EC4M 7AH

Goldman Sachs

HS

BANKING EXECUTIVE

Hill Samuel & Co. Limited, one of the City's leading Merchant Banks, is seeking to appoint a Banking Executive to join its Film Finance team within the Commercial Banking Division.

The suitable candidate is likely to be aged 25-40, with good general experience in most aspects of lending and credit assessment. Ideally applicants will have passed their banking examinations; some knowledge of the Film Industry would be an advantage, although not essential.

In addition to a competitive salary, we offer excellent fringe benefits including profit share, subsidised mortgage and loan schemes, non contributory pension scheme, free life assurance and BUPA.

Please send a full curriculum vitae, in strictest confidence to:

Mrs Anne Dunford,
Senior Personnel Officer,
Hill Samuel & Co. Limited,
100 Wood Street,
London EC2P 2AJ.

HILL SAMUEL & CO. LIMITED

W. GREENWELL & CO.

STOCKBROKING SETTLEMENT

W. Greenwell & Co. require experienced settlement staff to take them through 'Big Bang' and beyond.

You should be in your mid-20's to early 30's and have either specialised, or all round knowledge of stockbroking settlement, together with the ability to control staff within a unit area.

W. Greenwell & Co., with Samuel Montagu & Co. Limited (29.9%) are able to offer a fully competitive salary, together with an attractive range of benefits.

Applicants should apply in writing with full C.V. to Mrs. V. R. Murphy (Personnel Manager):-

W. GREENWELL & CO.
Bow Bells House, Bread Street, London EC4M 9EL.

G

TRAINEE INVESTMENT ANALYST

WEDD DURLACHER MORDAUNT & CO.

have a vacancy for a trainee/assistant analyst in their Research Department. Suitable for a young person with a few years' Stock Exchange or Investment experience and with ambitions to move into investment analysis.

Contact:
J. R. A. Rainsley on
01-628 8080 Ext. 339
as soon as possible

MERCHANT BANKING

Baring Brothers & Co., Limited

NUMERATE GRADUATE FOR INVESTMENT GROUP

Barings' Investment Group, which has over $9 billion under management, is currently embarked on a programme to implement quantitative approaches to investment and has created a special team for this purpose. The approaches include screening techniques for equity selection, portfolio optimisation and risk analysis, and the development of a variety of passive and quasi-passive investment strategies. To handle these operations it has set up a Local Area Network of IBM Personal Computers.

An additional Graduate is now required to help with these activities.

The successful candidate will be numerate, and will almost certainly be used to working with personal computers. He/she may already have some experience in security investment, but would certainly be encouraged and expected to extend knowledge and understanding across the broad field of investment and would be given training to develop this.

Salary will be a.a.e. and other benefits include mortgage subsidy, non-contributory pension scheme and BUPA membership.

Please send C.V.'s to:

Miss E. Williams,
Baring Brothers & Co., Limited,
8 Bishopsgate,
London EC2N 4AE.

BARINGS

Careers in Financial Markets

Senior Sterling Dealer — c.£40,000
The London office of a large European Banking organisation requires an experienced Sterling Dealer. Aged early 30s it is essential that the candidate has substantial experience both in currencies and instruments.
Ref no. AW/121

$ Straights Trader — c.£35,000
Our Client, a major UK Merchant Bank, is expanding its small trading team. It is therefore looking for a trader with two years *experience in the $ Straights field who can contribute to the* successful development of the team.
Ref no. SH/102

Traded Options Salesperson — c.£25,000
A well established Stockbroker seeks experienced Traded Options Salesperson to complement its growing team. Candidates should have at least one years experience and be able to make an immediate contribution.
Ref no. CH/192

For further information, please ring Charterhouse Appointments on **01-481 3188** quoting reference number.

CHARTERHOUSE APPOINTMENTS

CHARTERHOUSE APPOINTMENTS LIMITED
EUROPE HOUSE · WORLD TRADE CENTRE · LONDON E1 9AA · 01-481 3188

P B TRADE FINANCE LTD

Credit Analysts

Due to a planned expansion programme and continued growth of our trade finance company, *two challenging and interesting vacancies* have arisen for ambitious and self-motivated credit analysts.

The company, which has integrated, comprehensive and global capability to finance trade flows, *has accomplished this goal* by combining the disciplines of trade finance, commercial banks, commodity-linked finance, project finance, money market operations, international trade and private banking with a global merchant banking organ*isation managed* by a closely knit team of specialists in all aspects of trade finance.

Applicants, who should ideally be aged between 25-35 with at least three years' credit-related experience, are required to cover the following *two areas:*

(i) Europe (knowledge of a European language would be an asset)
(ii) U.S.A.

We offer scope for personal development, a salary *commensurate with qualifications and experience*, and the usual range of banking benefits.

Please write enclosing full C.V. to:

Mrs. Ismini Demades,
PB Trade Finance Limited,
Cutlers Court,
115 Houndsditch,
LONDON EC3A 7BU

(wholly owned by The Prudential Insurance Company of America)

VENTURE CAPITAL

A leading merchant bank is seeking to expand its venture capital unit which advises on and manages the unlisted investments of the substantial portfolios for which it is responsible. The unit also co-ordinates its activities closely with similar teams in the USA and the Far East.

The successful candidate, preferably aged around 30, will have several years' appropriate experience in industry or investment and an involvement with small companies would be an advantage. Although the successful candidate will be a member of a team, the ability to operate independently and successfully *structure suitable deals* will be important.

Applicants of either sex should write *enclosing their* curriculum vitae to:-

A.0002
Financial Times
10 Cannon Street
London EC4P 4BY

Industrial Economist
Industrial Bank of Yemen
Yemen Arab Republic

An Industrial Economist is required to develop and initiate *systems to provide management* with information enabling them to monitor, control, review and evaluate projects contained within the Bank's portfolio.

Other duties include advising on training needs for staff working within the department, and also on improvements to project preparation.

Applicants should be British Citizens with an engineering background and a degree in Industrial Economics. Five to ten years projects follow-up experience, preferably gained in a developing country, is desirable, as is a knowledge of Arabic.

The appointment is on contract to ODA on loan to the Government of the Yemen Arab Republic for a period of two years. Salary (UK taxable) is in the range £16,835 to £19,425 pa, including an element in lieu of superannuation. A variable tax free Foreign Service Allowance, currently in the range £4,685 to £9,545 pa, is also payable.

The post is wholly financed by the British Government under Britain's programme of Aid to the developing countries. Other benefits normally include paid leave, free family passages, children's education allowances, free accommodation and medical attention.

For full details and application form, please apply, quoting ref. AH367/ER/FT, stating post concerned and giving details of age, qualifications and experience to: Appointments Officer, Overseas Development Administration, Room 351, Abercrombie House, Eaglesham Road, EAST KILBRIDE, Glasgow G75 8EA.

Completed applications must be returned by 3rd January 1986.

ODA OVERSEAS DEVELOPMENT
Britain helping nations to help themselves

FLEMINGS

SOUTH EAST ASIAN BROKER

Due to Flemings expansion an opportunity has arisen for an experienced South East Asian Broker. The successful candidate, who should be fluent in Cantonese and Mandarin, preferably aged 25–35, should have a minimum of five years experience with a Broker or Financial Institution.

Applicants of either sex should write enclosing their C.V. to:

Frank Smith,
ROBERT FLEMING & CO. LTD.,
8 Crosby Square,
London EC3A 6AN.

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Connaught

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(24 hours)

The Executive Job Search Professionals

M&G UNIT TRUSTS

M&G have a vacancy in their Advisory Department in London. The *Department provides* existing and potential M&G investors with information on all aspects of the M&G range and also gives general investment advice. Candidates (preferably graduates) should have had experience with private clients in a *firm of stockbrokers*. The salary will depend on age and qualifications. Write with c.v. to B.B.W. Goodden, M&G Ltd, *Three Quays*, Tower Hill, London EC3R 6BQ.

M&G

INVESTMENT ADMINISTRATION CLERKS

required for our offices in the City. Candidates should be educated to "A" level standard and have experience of investments administration. We offer a competitive salary and fringe benefits.

If you would like to apply please write with C.V. to Miss S. Harris, Personnel Officer (Investments), Legal & General (Investment Management) Ltd., Temple Court, 11 Queen Victoria Street, London EC4N 4TP.

Accountancy Appointments

FINANCIAL INSTITUTIONS

ACA/ACCA/ACMA's neg.c.£17,000-£24,000+bonus

Our client, a major CITY organisation, now has opportunities for high calibre, super confident, enterprising YOUNG QUALIFIED ACCOUNTANTS with considerable DRIVE and ENTHUSIASM to undertake a variety of interesting projects.

These are senior positions involving high visibility and involvement at Director and Partner levels. Excellent INTERPERSONAL and COMMUNICATION SKILLS are therefore paramount. Experience of the insurance market would be advantageous but not essential.
The work is varied and challenging and could represent GOLDEN OPPORTUNITIES for DYNAMIC and AMBITIOUS individuals to become involved with this large organisation which offers FIRST CLASS CAREER PROSPECTS.

In addition to attractive salaries there is a comprehensive range of benefits including a bonus scheme, non-contributory pension, private medical insurance and restaurant facilities. Senior positioos carry a company car. If you feel you are one of the exceptional candidates we are looking for and can demonstrate your PERSONAL EXCELLENCE, please apply in the first instance to:

LYNNE ATTWOOD
Accountancy Appointments Europe
1-3 Mortimer Street, London W1
Tel: 01-580 7695/7739 (direct)
01-637 5277 ext 281/282

Accountancy Appointments Europe

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Premium positions will be charged £49 per single column centimetre
For further information call
LOUISE HUNTER on 01-248 4864
or
TREVOR PUNT on 01-256 9763

Financial Controller

f.m.c.g.
South London
up to £20,000 + car

This well-established company, with an annual turnover approaching £60m, is the wholly owned subsidiary of a major U.K. group. The company manufactures and distributes a range of f.m.c.g. products, including several household name brands.

As financial controller you will initially report direct to the Deputy Managing Director and will be responsible for all the accounting functions within the company, working closely with the data processing manager. You will also be required to assist the Executive Board to achieve their profitability objectives by the formulation and application of appropriate financial and investment policies.

Applicants must be qualified accountants and will probably be in their early/mid-30's. Experience in the areas of financial and standard cost accounting, budgetary control and financial appraisals is essential, together with a proven ability to communicate effectively with non-financial personnel. Practical experience in the operation and development of new computer applications would be an advantage, although not essential. Above all the successful candidate will be expected to exhibit the personal characteristics of a potential Board appointee.

Please reply in confidence, giving concise career, personal and salary details, quoting Ref. ER828 to Peter Harper, Executive Selection.

Arthur Young Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

Arthur Young Executive Selection
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Trafalgar House Oil and Gas Limited

Account for our Expansion

As part of the Trafalgar House Group, one of Britain's largest, Trafalgar House Oil & Gas Limited has built up a considerable presence within the oil and gas industry both on and offshore. From its highly secure and commercially strong base and in line with its philosophy of expansion, the company is poised for further growth.
With interests in 23 offshore and 71 onshore blocks including five offshore discoveries, it has brought together a sound and profitable portfolio. As operator it is about to embark on a substantial drilling programme onshore and it is an active participant in a range of other exploration, development and production ventures.
As a result of this expansion, there is now a need for 2 key appointments to be made within the Financial Division of its London based headquarters.

Assistant Divisional Accountant

Reporting to the Divisional Accountant you will be responsible for reviewing and monitoring all accountancy procedures and undertaking various accounting projects which flow from the company's growth and the development of its discoveries. This will involve dealing with a wide variety of complex and intricate issues. The accounting records have recently been computerised and, in consequence, a comprehensive technical knowledge and understanding of computerised systems is essential.
A qualified accountant with at least 4 years experience within an oil company, you have a broad knowledge of and exposure to financial aspects of the industry. Self-motivated and innovative, you are keen to develop your management skills.

Assistant Financial Accountant

As a newly qualified accountant with exposure to oil industry accounting and a sound knowledge of computer systems, you will be responsible for all aspects in the preparation of the financial and management accounts of certain subsidiaries, specific accounting tasks and the supervision of a small accounting unit.

The remuneration packages will be highly competitive, and where appropriate include a company car.

In complete confidence, please write with cv or ring John Diack or Liz Davis of Cripps, Sears and Associates Ltd, Personnel Management Consultants, 88/89 High Holborn, London WC1V 6LH. Tel: 01-404 5701.

Cripps, Sears

Group Financial Controller

Computer Software £15-20K plus car Central London

We are looking for an ambitious young ACA with a first class track record who is prepared to work hard and to become involved in all aspects of the finance function. The group of six companies, which includes a subsidiary in California, has interests in computer software, insurance broking, consultancy and property, and employs about 130 people.
The Group Financial Controller will lead a team of four people and will have *responsibility for*

— Management and financial reporting
— Computerisation of accounting
— Sales administration
— Marketing services

The group is expanding by internal growth and acquisition and the person recruited will be of sufficient calibre and toughness to play an important role in the next phase of growth. The anticipated age range is 25 to 30 and the background is international firm of chartered accountants, probably followed by commercial post-qualification experience. *Please send your cv to Robin Schlee, Saunderson Holdings Limited, Saunderson House, Hayne Street, London EC1A 9HH, 01-726 6501.*

Accounting and Administration Manager

Senior financial role
Major investment in change
up to £21,500 South London

A food industry world leader, the Nabisco Group excels in the fast-moving snacks, cereals and biscuit markets. True to our progressive reputation in the market place, we are now investing substantially in the development of our Grocery Division - and in particular in its South London site which manufactures a range of biscuits and other products.

Here we'll be spending £2.7 million in the next 2 years on technology and new systems. With the prospect of further major expenditure to follow, it's clearly a time of considerable challenge for the Accounting and Administration Manager.

Making a fundamental contribution to the financial implications of change, you'll build strong relationships with factory management and motivate a support staff of 28. Principal responsibilities will include the preparation of budgets and standard costs, evaluation of factory performance and monitoring of capital projects.

A qualified Accountant aged 30+ and ideally already familiar with computers, you'll have the enthusiasm and commitment to ensure this investment programme is implemented fully and effectively. Your experience in a manufacturing environment must be backed by knowledge of capital expenditure and standard costing/budgetary control.

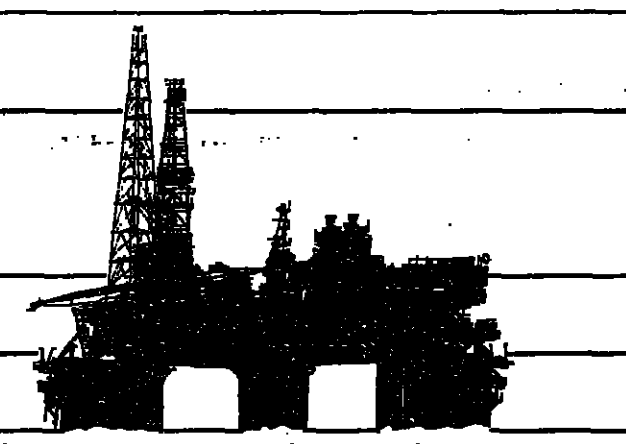
As well as a salary of up to £21,500, a generous relocation package is available and the excellent promotion prospects which a prestigious and diverse Group can offer.

Please write with full cv to Alistair Dawson, Director - Human Resources, Nabisco Group Ltd., 121 Kings Road, Reading, Berkshire RG1 3EF.

NABISCO GROUP LTD
Grocery Division

Enterprise Oil

Accountant, Joint Venture Operations



Enterprise Oil is a substantial British company engaged in oil and gas exploration and production, both onshore and offshore in the UK, and overseas. The Company has production from seven North Sea oil and gas fields, which in 1985 averaged over 30,000 barrels a day. It has interests in more than 100 UK licences, including eight gained in the UK ninth round, and is continuing its active exploration programme.

The acquisition of Saxon Oil plc in September has further increased the number of the Company's operatorships and, with the forthcoming development of the Miller Field, has expanded significantly the information requirements of senior management.

An able and imaginative accountant is required to fulfil these needs. The successful applicant will work in the Joint Venture Accounting Group, reporting directly to the Manager, Venture Accounting. This group is concerned with all aspects of the accounting for and financial monitoring of the Company's non-operated exploration and production interests – including the preparation of management financial reports; the control and processing of operators' budgets, billings, AFE's and cash calls; representation of the Company at meetings with operators and partners; involvement with joint venture audits – and will also have a growing involvement with the Company's new operated ventures. This position offers participation in all these activities, including the development of new systems and procedures, a major review of which is presently in progress.

The successful candidate will be qualified (or nearly so) and of demonstrably high ability. Prior experience of upstream oil activities will be particularly helpful, as will a facility in the use of computer systems.

An attractive package of salary and benefits will be offered depending upon age and experience.

Candidates should contact Charles Austin on 01-831 2000 or write to him, enclosing a CV, at Michael Page Partnership, 39/41 Parker Street, London WC2B 5LH, quoting ref. L2065.

Michael Page Partnership
International Recruitment Consultants
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GKN

We are a leading distributor of replacement parts to the vehicle aftermarket with *200+ branches throughout the UK* and an established National Distribution Centre in Northampton

Currently we have a senior executive vacancy for:

HEAD OF BRANCH ACCOUNTING

Responsible to the Director and Controller, key areas of the job will be:

- To produce monthly branch operating statements and follow-up reports highlighting significant variances.
- To plan, co-ordinate and consolidate branch budgets.
- To plan, monitor and control twice yearly stocktakes for the *Branch Network/National* Distribution Centre and submit a management report on the results.
- To validate gross profit margin output and recommend corrective action when necessary.

As a senior member of the management team the successful applicant will need the skills necessary to communicate at all levels.

This position offers an excellent salary and benefits including a relocation package to the Banbury area. *Please write with full career details to:*

Mr R. J. Atkinson, Head of Personnel and Administration
GKN Autoparts Distribution Limited
Town Centre House, Southam Rd, Banbury, Oxon OX16 7TJ

The International automotive and engineering group

Personal Assistant

wanted for Chairman/Financial Director of quoted company in London W.1. Must be qualified accountant or a Chartered Secretary.
Telephone in the first instance 01-636 4706

FINANCIAL CONTROLLER

Small specialist Employment Agency established 20 years ago require *an accountant* (ACCA, ACA) to exercise financial control on expenses, weekly payroll, sales and cash flow.

Reporting direct to the M.D. and management of a small team of accounts staff.

Preparation of *monthly management* accounts, financial accounts, budgets, forecasts etc. Computer development—ICL system.
Good benefits package.

Send CV, stating current salary, to:
Miss K. R. Harrison
RELIANCE RESOURCES
18 John Street, WC1N 2DL

FINANCIAL DIRECTOR DESIGNATE LICENSED DEPOSIT TAKER

Cheshire **c.£20,000 + Car and Share Options**

Our clients, part of a publicly quoted financial services group, wish to recruit a Financial Director Designate to join their young and enthusiastic management team.

Reporting to the Managing Director, the successful applicant will assume full responsibility for the Company's accounting, treasury and systems functions as well as acting as Company Secretary.

Applications are invited from qualified chartered accountants with experience of *treasury and investment functions, preferably in a bank or a similar financial institution.* A good knowledge of the use of computers, keen commercial awareness and the desire to take part in the overall management of the Company are also required.

The senior nature of this appointment is reflected in a package that includes a salary commencing at £20,000, car, pension scheme, private health insurance and substantial share options. Prospects within the Company and the Group are excellent and a seat on the Board is assured following a short period of successful performance. The ultimate rewards of the position will be governed only by the successful applicant's own ability and contribution.

Applicants are invited to send a full career résumé, including salary history and day-time telephone number to Steve Ranger, Executive Selection Division.

Touche Ross
The Business Partners
Abbey House, 74 Mosley Street, Manchester M60 2AT. Tel: 061-228 3456

Insolvency Partner

Equity partner designate
Newcastle upon Tyne, Initially c £40,000, car

This new senior appointment is within a recently established office of one of the world's leading professional practices. It is an outstanding opportunity, rich in challenge, scope and potential which will lead to early equity partnership. Accountability will be to the Managing Partner and technically to the Head of the Insolvency Division in the UK for the green field development of insolvency business in the region serviced by the Newcastle office. There is a strong general management perspective in this high profile role and a significant degree of autonomy. Equally there is specialist resource backing in the company's national network to support the regional development as the business and the team are built. The essential requirements which well qualified prospective candidates must demonstrate include an excellent professional record over 5 – 10 years in all aspects of insolvency management, positive and creative commercial management skills and credibility in the professional and business world at the highest levels. Age envisaged is 30 – 40. Salary will in no way be a bar for the right candidate and the equity partnership will generate a very significant income lift. All applications will be treated in the strictest confidence.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a personal history form to *G.T. Walker*, Hoggett Bowers plc, *4 Mosley Street*, NEWCASTLE UPON TYNE, *NE1 1DE*, 0632 327455, quoting *Ref. 42624/FT.*

Hoggett Bowers
Executive Search and Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Accountancy Appointments

Group Financial Controller

London — **c.£35,000 negotiable**

We are currently seeking a Group Financial Controller for a major and well established Middle East contracting and construction Group. The appointment is London based.

The successful candidate will, in addition to being responsible for UK accounting, have responsibility for the Group financial function and, in this context, will have a functional role over a number of overseas locations. He or she will also be expected to advise Directors on the taxation implications of the operation's investment and acquisition decisions and personal tax matters; a thorough knowledge of corporate and personal taxation is therefore required.

Candidates must be chartered accountants, aged 35-45 who, having qualified with a major professional firm, can demonstrate real commercial acumen coupled with a successful track record at a senior level in the finance function. Previous experience in construction or a related industry is essential as is the willingness to travel regularly.

The remuneration package is negotiable and should not be considered a limiting factor.

Please reply in confidence, enclosing career details and quoting reference 5452/1/L to Valerie Fairbank, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday December 12 1985

GHH outlines plan for big MAN reshuffle

BY RUPERT CORNWELL IN OBERHAUSEN

GHH (Gutehoffnungshütte) expects to complete its merger with its resurgent subsidiary Maschinenfabrik-Augsburg-Nürnberg (MAN) by mid-1986 – thus sealing a complicated restructuring of Europe's largest mechanical engineering group.

By then, MAN will have completed the hiving-off of its main operating divisions into separate companies. This will pave the way for shareholders of both parent and subsidiary to approve the terms of a share-exchange offer which will embrace owners of the 25 per cent of MAN's DM 429.6m ($170m) capital not already owned by GHH.

These and many other details about the deal first announced last September came this week at the annual press conferences of both concerns – in the case of MAN the last in the company's 145 years as a separate and effectively independent entity.

The reorganisation of MAN, as Mr Otto Voisard, its outgoing chief executive, explained in Augsburg, is already proceeding apace. When it is finished, the old company will have become five new ones.

These will be MAN-Roland, specialising in printing equipment, with annual sales of DM 1.4bn, the heavy vehicle unit MAN Nutzfahrzeuge GmbH, with sales of DM 4bn, MAN Gutehoffnungshütte, making plant and engineering equipment (DM 1.5bn to DM 1.6bn), MAN B & W Diesel (DM 500m), and a new research and development offshoot MAN-Technologie, with a likely turnover of DM 200m.

The five, along with three other GHH subsidiaries – Ferrostaal, Renk and the Deggendorfer shipyards concern – will be fully owned integrated subsidiaries of a holding company to be created by the merger of MAN itself with GHH. The company will be based in Munich instead of GHH's traditional headquarters in the Ruhr.

Most of them, Mr Klaus Götte, chief executive of GHH, made clear, would supply a representative to the main company's board, implying a centralised top management of perhaps six people, led in all probability by Mr Götte himself.

However, the new structure would not embrace three other members of the existing GHH group – SHW, Kabelmetal, and the steel plant manufacturer Schloemann-Siemag – which will continue to be run on a fairly loose rein. In all, the remodelled GHH group will have annual sales of about DM 15bn.

In his first detailed explanation of the rationale of the merger, Mr Götte said the difficulties of both parent and MAN in recent years had been made worse by a many-layered, decentralised structure.

MAN has often acted as an independent fiefdom within the group, sometimes virtually refusing to comply with strategic guidelines laid down by GHH.

"Our main concern," Mr Götte declared, "is to put an end to two-tier management. Control will be centralised in Munich while production will be carried out by the operating subsidiaries."

Still to be settled, however, is the name of the master company in Munich, which will employ about 250 people, and the terms of the share-exchange offer. Valuation of assets, Mr Götte said, was still in progress.

New orders in the year to next June 30 are expected to rise 11 per cent.

GHH overall is forecasting profits of about last year's adjusted DM 128m for 1985–86. Although sales in the first four months of the current year were little changed at DM 3.9bn, orders booked jumped 14.6 per cent to DM 4.64bn.

Alan Friedman describes a revolutionary move by General Motors to extend its European role

Italians will fly Cadillac bodies to Detroit

THE GENERAL manager of Cadillac, General Motors' luxury car division, looked like a television presenter as he flashed a Hollywood smile, spoke of industrial history in the making and introduced "my very special guests."

The governor of the state of Michigan could hardly contain his enthusiasm as he used the word "exciting" five times in the space of 30 seconds. And the chairman of Alitalia, the Italian state airline, seemed to have emerged from the Geneva summit when he spoke of the "contribution of free trade to world peace."

For once the superlatives were justified: the occasion was the launch last week in Detroit of an international industrial link without precedent, an "air bridge" which will see 48,000 Cadillac car bodies built by Pininfarina, Italy's top car designer, and shipped by Jumbo 747 cargo jets to Detroit over the next six years.

The contract is worth close to $600m in orders of car bodies and components for the Turin Pininfarina. Cadillac, meanwhile, is spending around $500m to modify its Detroit plant, install a new assembly line and build a 1½-mile test track for the new vehicle, to be launched in 1987 and to be called the Allanté.

For the two airlines which will fly 7,000 to 8,000 car bodies a year from Turin to Detroit – Lufthansa and Alitalia – the deal represents the largest single contract in air cargo history, with a total value of $100m.

Dr Umberto Nordio, Alitalia chairman, said with pride that "for the first time we are introducing aircraft into the assembly lines of automobiles."

It is what GM executives in Detroit are describing as a "strategic experiment," in that if the Allanté models sells well it will lead to other deals.

Pininfarina and GM are already talking about areas of co-operation in other car divisions, such as Pontiac. Meanwhile, GM has been talking for several months with Alfa Romeo about the possibility of buying Alfa engines for a new Pontiac model.

In the case of the former the Cadillac-Pininfarina deal represents an open-ended commitment. Mr John Grettenberger, Cadillac's general manager, said he views the deal as more than a five or six-year contract: "We expect the programme to be permanent."

Other GM executives pointed to the size of the capital outlay as evidence of the longer-term nature of the Allanté project.

There are broad issues at stake – the prospects for greater industrial co-operation between European and US car makers, and the role which GM might play in the coming rationalisation of the European car industry.

The total commitment of more than $1bn to the Cadillac-Pininfarina project represents more than just an attempt by the US car maker to capitalise on what it calls "old world craftsmanship" and sell a luxury two-seater sports car in the US market.

The project is also a harbinger of change in the philosophy of General Motors, which is currently holding talks with several European car producers – among them Alfa Romeo – with a view to collaboration agreements.

The contract with Pininfarina, the designer famous for its work over the past 50 years with Ferrari, Alfa Romeo, Lancia and Peugeot, represents Cadillac's only business relationship outside North America.

Thus the Cadillac-Pininfarina deal, bold as it is (five Jumbo flights a week, the modification of Turin airport to GM specifications and a car likely to sell for more than $40,000 in competition with Porche and Mercedes), really represents only the tip of the iceberg.

There are broader issues at stake here – the prospects for greater industrial co-operation between European and US car makers and, equally important, the role which GM might play in the coming rationalisation of the European car industry.

At Chrysler, another legendary Italian name – Maserati – is being tapped for a new US luxury car. Chrysler is spending around $600m on a venture with Maserati and has even taken a small equity stake in the Italian car maker.

The potential role of General Motors in Europe, meanwhile, has become much more interesting since the collapse two months ago of the talks designed to merge Fiat Auto with Ford of Europe.

Mr Giovanni Agnelli, Fiat's chairman, has stressed repeatedly that by the end of this decade the problem of over-capacity among Europe's six leading car makers could result in serious difficulties.

"Fiat may have another two or three years of good car profits, but then like everybody else they could face trouble," commented one senior car industry executive in Detroit.

GM has been losing money in Europe and realises that some form of agreement with a leading European car maker is very much in its interest. Aside from talks with Alfa, which seem destined to lead to a smaller-scale project, GM has also had contacts with BMW and other companies.

It appears that GM is hoping to conclude a strategic agreement in Europe within the next year or two. That would come just in time for the expected industry shake-out in Europe in the late 1980s and early 1990s.

These considerations explain, perhaps, why GM launched its Cadillac-Pininfarina deal with such fanfare last week – the mayors of Detroit and Turin exchanging keys to their cities, 250 guests packed aboard the Alitalia Jumbo cargo jet for a ceremonial signing of the accord and journalists invited from two dozen countries, including Japan and Saudi Arabia.

"This," as one GM executive pointed out, "is only the beginning."

Aegon seeks stake in FGH

By Laura Raun in Amsterdam

AEGON, the second largest Dutch insurance company, is negotiating a complex financial package in which it will take a 25 per cent stake in Friesch-Groningsche Hypotheekbank (FGH), a mortgage bank recovering from big losses in 1982.

Aegon plans to purchase Fl 12m ($3m) worth of newly issued FGH 8 per cent cumulative preferred shares, extend a Fl 123m convertible subordinated 8 per cent loan and provide a Fl 410m FGH-guaranteed loan for a new financing entity.

Agreement is to be reached with the Dutch Government to leave the state-owned Postbank and Aegon each with 25 per cent of FGH's issued stock, with the rest remaining in public hands.

The new Postbank, which begins operations on January 1, was to have raised its 5 per cent stake in FGH to 33½ per cent this year under an aid package arranged in 1983.

Aegon, which was formed in 1983 as a merger of Ennia and Ago insurance companies, engages in mortgage lending and other consumer credit in addition to its insurance activities.

FGH fits into The Hague-based insurer's policy of strengthening its market position in the Netherlands.

FGH, the second largest mortgage bank with assets of FL 7bn, plummeted FL 51m into the red in 1982 on a double slump in the mortgage bond and real estate markets.

Several large Dutch mortgage banks plunged into difficulties, with Tilburgsche Hypotheekbank going bankrupt and the Westland-Utrecht Hypotheekbank – the largest – having to be rescued last year by Nationale-Nederlanden, the biggest Dutch insurer.

FGH moved back into the black in 1983 and expects to post profits of more than FL 9m this year.

Banks act to boost small groups' funds

BY JONATHAN CARR IN FRANKFURT

TWO West German banks today take a new step aimed at channelling funds from a broad range of investors to medium-sized companies not quoted on the stock market.

The move by Deutsche Bank and the Bavarian-based Bankgeschäft Karl Schmidt forms part of growing efforts to strengthen the chronically weak capital base of German enterprises.

The banks are jointly offering between December 12 and December 16 DM 15m ($5.9m) worth of non-voting preference stock in a holding which itself has stakes in a dozen medium-sized businesses.

These preference shares in the holding, Deutsche Beteiligungs AG, are being priced at DM 140 per DM 50 nominal share and will be traded on the regulated free market in Frankfurt and Düsseldorf.

They will be eligible for a full 6 per cent dividend for 1985-86 (to October 31) plus a 2 per cent bonus. The holding's basic capital of DM 60m also includes DM 15m worth of ordinary shares, to be retained initially by the banks alone, and reserves of DM 30m.

The German banks have long maintained holding companies with stakes in small and medium-sized enterprises (often seen as more flexible and innovative than the "giants"). But now the public will have a chance to take part too.

The background to the new move is a draft law on public participation in holding companies, drawn up by the centre-right coalition in Bonn and now being thrashed out in parliament.

The draft aims to boost the flow of funds to companies generally too small or too young to "go public," while providing legal safeguards to investors.

Although several key details need ironing out, there is no doubt that the law will be passed – and the Deutsche-Schmidt bank initiative is the first to take advantage of it.

Ariadne seeks Repco takeover

By Michael Thompson-Noel in Sydney

ARIADNE Australia, the investment group headed by Mr Bruce Judge, yesterday made an offer of A$1.50 a share for the 79 per cent of Repco Corporation it does not already own, valuing the Melbourne-based manufacturer and retailer at A$332m (US$225.4m).

Repco issued a standard "don't sell" notice to shareholders.

Ariadne is to make an A$88.2m share placing in order to fund the purchase.

New York shows way for Eurodollar market

BY MAGGIE URRY IN LONDON

THE SHARP rise in the New York bond market continued to pull the Eurodollar market up in its wake. But as usual the latter lagged behind the former, widening yield spreads and making Europe a less attractive market for issuers to launch deals.

Swedish Export Credit had been planning an issue for a while, with the intention of obtaining cheap money through a yen issue with a swap attached. The recent strength of the dollar market persuaded the borrower to switch to a $100m issue, priced around 20 basis points above US Treasury yields at launch which is not being swapped.

The pricing looked tight, but by yesterday's close the bonds, trading just inside the 1⅞ per cent fees, were yielding around 40 basis points above the curve because of the move in the New York market, making them more attractive to investors.

The seven-year issue, led by Daiwa Europe, has a 9⅝ per cent coupon and a 101¼ issue price. It is non-callable, and the pay date is not until February 26 1986.

Another straight issue came from Public Service Electric and Gas, a New Jersey-based utility. This is secured by a mortgage. The $75m deal has a 10-year life and was priced by Credit Suisse First Boston with a 9¾ per cent coupon and 100¼ issue price. With fees of 2 per cent, the borrower's cost was 40 basis points above the Treasury yield curve at the time of launching. The bonds were quoted around 98½.

The Euroyen market has steadied lately, in line with the rally in the Tokyo government bond market, and Allied Signal launched a Y20bn seven-year deal. This borrower was one of the first corporate names in the Euroyen market last December under its old Allied Corporation name. The coupon on the new seven-year deal is the same as its first issue at 6¾ per cent, and issue price is 101. Nomura International is lead-manager, and the bonds were seen well inside the 1⅞ per cent fees at around 99⅞.

A dual-currency issue, also led by Nomura, was launched for Mitsui & Co, the Japanese commercial house. This is for Y20bn and has a 10-year life. The coupon is 8 per cent and issue price 101½. Redemption will be in dollars at an exchange rate of Y177.50 to the dollar. Fees are 2 per cent. The bonds were not trading actively.

An issue with a Japanese state guarantee is fairly rare in the D-Mark market, and a DM 100m issue for Japan Finance Corporation for Municipal Enterprises found good demand despite aggressive terms. The seven-year bonds have a 6⅝ per cent coupon and 99¾ issue price. Deutsche Bank ran the books, and fees total 2¼ per cent. The bonds were trading around 99½.

Turnover was low in the D-Mark secondary market though prices gained around ¼ point spurred by the New York market. The New World Bank zero-coupon issue traded around 14½ compared with the 13 issue price.

In the Swiss franc foreign bond market Crédit Suisse announced a SFr 25m private placement for VMF-Stork, a Dutch textiles, food and paper company. The bonds mature in January 1993 and pay a 5¾ per cent coupon with the issue price at par.

In the Luxembourg franc bond market Kredietbank priced the LuxFr 300m issue for Dyno Industrier at 100½. The coupon is 8¾ per cent and the bonds have a five-year life.

International bond service. Page 17

Restructuring plunges Firestone into loss

BY OUR FINANCIAL STAFF

FIRESTONE Tire and Rubber, the second largest US tyre group, plunged into loss in the final quarter of its fiscal year, because of restructuring costs. For the three months there was a net operating loss of $47m, or $1.15 a share, after a $57m provision for reshaping its North American tyre operations.

In the corresponding quarter last year net earnings were $17m, or 40 cents a share. Sales for the latest period dipped to $1bn from $1.04bn.

For the year to October net profits fell from $102m, or $2.21 a share, to almost break-even at $3m, or six cents, after restructuring costs, on sales down at $3.84bn, from $4bn.

Despite improvements by US retailing and diversified products, which swung from an $11m loss to an $18m profit, operating income for the year fell 15 per cent.

This was because of a $15m loss, against a $19m profit, by the North American original equipment and wholesale businesses and lower profitability from international tyre activities, where earnings were down at $85m from $122m.

Fourth-quarter pre-tax operating deficit was $112m, compared with earnings of $21m a year earlier.

During the year the company repurchased 2.5m, or around 5.7 per cent, of its shares for $49m. Since year-end it has acquired a further 1.5m for $30m.

Sea-Land defence

BY OUR FINANCIAL STAFF

SEA-LAND, the US container shipping group facing a $580m takeover bid from Mr Harold Simmons, the Texas businessman, has joined the ranks of US companies to adopt a poison-pill anti-takeover plan.

The company is also beginning legal action in New Jersey against Mr Simmons, who owns a quarter of the shares and has bid $25 each for the rest, in an attempt to prevent further share purchases

Mr Joseph Abely, Sea-Land's chairman, said the actions underscored the company's commitment to protect the best interests of shareholders by insuring that any offer was fair.

Under the rights plan, each shareholder of record on December 20 will receive one right for each share held. The right will entitle shareholders to buy from Sea-Land one common share at $40. However, if an acquirer buys 40 per cent or more of the shares outstanding, other shareholders may buy for the $40 exercise price common stock with a value twice the exercise price.

The rights become exercisable 10 days after a person or group acquires 35 per cent or more of Sea-Land's outstanding shares.

INTL. COMPANIES & FINANCE

Israeli banks fight tarnished image

Ahead of an inquiry verdict on the share collapse of 1983, Israeli banking is making cautious progress, **writes Walter Ellis in Tel Aviv.** The Bank of Israel, under Dr Moshe Mandelbaum (right), is guiding interest rates lower.

TWO YEARS after the 1983 crash in the value of their shares. Israel's banks continue to suffer from an image problem.

If, somehow, it were possible to view their performance in isolation from the crash, it doing rather nicely: profits up, efficiency improved. But just as Halley's Comet is valued by astronomers principally for the debris drawn through the heavens in its wake, so Israeli banks are remarkable largely for their still spectacular trail of debt.

The scandal is far from burnt out. An official commission of enquiry into the 1983 crisis, chaired by Mr Moshe Bejski, a justice of the Supreme Court, is expected to report next month. Resignations are expected both in the Bank of Israel—accused of negligence and incompetence in the face of disaster—and in several of the major high street banks.

Commission members have been hearing evidence throughout the year and are meeting each week in small working groups to assess different aspects of the crash. They are aware that what they eventally report will have profound implications for the system and its future reputation. In June, the commission sent warnings to organisations and individuals giving evidence, reminding them that they could be "damaged" by its conclusions.

What happened in October 1983 certainly justifies such warnings.

The Israeli economy, then as now, was in difficulties. Inflation was soaring. But the Tel Aviv Stock Exchange, with the big banks in the lead, was moving ever upwards, in blithe defiance of economic reality. Huge profits were made as the exchange acquired all the character of a casino.

Suddenly, the edifice collapsed. Bank shares, which had been pushed up on a wave of speculation, lost half their value.

The government, aghast, was forced to step in to prevent disaster. Anxious shareholders were told that the state was seizing their equity and that, while recovery was engineered by the Bank of Israel, all holdings were to be frozen. The banks, to their consternation, were told that they were being held responsible for the losses incurred. The debt was to be theirs.

The first redemption was set for October 31 this year, for old-age pensioners, and went smoothly enough, with most cash sensibly re-invested. Other shareholders will have to wait until 1988 or, in some cases, until the 1990s. All are entitled to redeem their shares at the value of the US dollar on October 6, 1983.

Institutionally, the crash meant that the big banks were effectively taken over by the state, and it was made clear that, unless they themselves were sufficiently profitable to fund the shares redemption, their nationalisation would be given force of law.

So while all those involved with the scandal, including the prudential authorities of the central bank, are under scrutiny, the main aims of the banks themselves are to reestablish their equilibrium and to go for growth.

They are having some success. Results for the first six months of this year, presented in September and October, showed combined earnings by the big four banks of $59.5m, just over half of the total for 1984. Substantial sums were set aside as contingency provisions, while efficiency drives centred on improved technology and reduced numbers of staff were implemented.

Bank Leumi, the biggest bank, reported an inflation-adjusted profit of $25m for the January-June period — up 290 per cent, Bank Hapoalim, the biggest loser in the share collapse, moved up from $8.2m to $22.6m. The third-ranked Israeli Discount Bank recorded $9.4m against $2.6m, and the United Mizrahi Bank, much smaller than the others, improved from $1.58m to a still modest $2.1m.

There is a long way to go. Bankers deny that they have set a goal of $500m in combined net profits by 1987 but, even if a more modest target is set, it will not prove easy to attain.

Interest rates are coming down in Israel. Amid charges that they were crushing business and stifling initiative through the imposition of rates estimated at 100 per cent per year in real terms, the banks have had to sanction a series of cuts. Israel has run on credit to anunusual degree for several years, and interest rate reductions are a novel experience for the banks.

From this month, interest rates on loans and overdrafts are being cut by 1 per cent per month. The Bank of Israel, under the direction of Dr Moshe Mandelbaum, its governor, has reduced the prime rate to around 3 per cent per month, and the resulting average cost of commercial credit should be close to 4 per cent per month.

Other changes are also under way. First International Bank has pioneered a new savings scheme (since echoed by Bank Mizrahi) and is to revive credit auctions under which would-be borrowers are asked to quote the rate they are prepared to pay for a given loan.

Commercial banks may in future also be allowed to raise loan capital abroad for use in Israel, following urgent requests for increased help from industry and the farm sector.

On the negative side, the small North American Bank was investigated by the Bank of Israel in August after allegations of embezzlement, and the entire management suspended. Experts from First International were put in to maintain the bank's trading, though, and there has been no panic.

All in all, the picture would indeed be unremarkable, with the large banks continuing to perform well overseas while consolidating their positions at home. But the image of 1983 is still there, and continues to reflect on some of Israel's well-known banking faces.

Interim agreement reached on Pan-Electric rescue

AN INTERIM agreement has been reached to rescue Pan-Electric Industries, the collapse of which triggered a financial crisis on the Singapore stock exchange, agencies report from Singapore.

Bankers said the agreement would pave the way for creditors to defer claims against Pan-Electric during a three-month moratorium while a longer-term restructuring scheme is worked out to save the company.

Mr Tan Koon Swan, the Malaysian businessman and politician who holds a substantial stake in Pan-Electric, yesterday signed the accord after intensive negotiations with a steering committee of Pan-Electric creditors and the Monetary Authority of Singapore.

Under the terms of the plan, Mr Tan has agreed to relieve the Pan-Electric group of all of its roughly S$100m (US$47m) in outstanding forward contracts to buy shares of Grand United Holdings, Supreme Corporation, Growth Industrial Holdings, and Sea-lion Hotels.

Mr Tan has also agreed to make an additional S$20m available to Price Waterhouse, Pan-Electric's receivers and managers, over the next three months. This is in addition to a previous sum of S$20m which had been impounded by Singapore investigators, but which was released to Price Waterhouse at the weekend.

Volkskas earnings little changed at six months

BY JIM JONES IN JOHANNESBURG

VOLKSKAS, South Africa's fourth largest bank, has maintained almost unchanged its disclosed interim profits but hopes for an improvement following the deconsolidation of troubled industrial interests.

The interim disclosed after-tax profit increased by 2.1 per cent to R24.6m ($8.85m) in the half-year to September 30 from R24.1m in the corresponding period of last year. The disclosed profit was R52.7m in the full year to March 1985.

The directors said that the past six months had been "representative of the last phase of a decline of the business cycle." Demand for bank credit dropped and there had been "an unprecedented wave of bankruptcies," said Mr Piet Morkel, the managing director.

Mr Morkel said he expected the unfavourable business climate to persist for the rest of this financial year.

The interest of Volkskas in the troubled Bonuskor industrial holding company was reduced to 42 per cent in October and it is intended to reduce the holding to an eventual 25 per cent.

First-half disclosed earnings rose to 80.3 cents a share from 78.6 cents and an unchanged interim dividend of 21 cents has been declared. Disclosed earnings totalled 172.4 cents a share in the last financial year and a dividend total of 57 cents was declared.

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE DECEMBER 6

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	10.342	−0.139	12.258	10.318
Canadian Dollar	11.299	−0.172	13.258	11.242
Euroguilder	6.214	−0.294	7.879	6.131
Euro Currency Unit	9.302	−0.074	10.401	9.189
Sterling	11.057	−0.228	11.600	10.763
Deutschemark	7.033	−0.655	7.860	6.854

Bank J. Vontobel & Co. Ltd., Zurich - Telex: 812744 JVZ CH

INTL. COMPANIES & FINANCE

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for December 11.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Amev 10⅛ 92	100	102⅛	102⅝	+0⅝	+1¼	9.87
Amex Credit 10⅞ 90	100	103¾	104¼	+0⅛	+0⅛	9.89
Atlant Richfld 10¼ 00	250	99	99½	0	+1⅛	10.33
Australia Com 11 95	200	107⅝	108⅛	+0⅝	+1¾	9.87
Australia Com 11½ 00	100	107¾	108¼	+0⅜	+1⅝	10.15
BP Capital 11¼ 92	150	105⅞	106⅜	+0¼	+0⅞	9.74
Campbell Soup 10½ 95	100	104	104½	+0¼	+0¾	9.79
Canada 11½ 90	500	108	108½	+0⅜	+1	9.06
Canadian Pac 10¾ 93	100	104⅝	105⅛	+0⅛	+0½	9.78
Canadian Pac 12½ 99	75	109⅜	109⅞	+0¼	+0⅝	11.10
CEPME 10⅜ 91	100	102⅛	102⅝	+0⅜	+1	9.57
Chevron U.S.A. 12¼ 89	600	105⅛	105⅝	+0¼	+0⅝	10.45
Citicorp 10 88	200	102	102½	+0¼	+0½	8.99
Citicorp 10½ 95	200	100⅝	101⅛	+0⅜	+1	10.46
Coca Cola 11½ 91	100	107¾	108¼	+0¼	+0¾	9.87
Denmark Kingdom 11¼ 89	100	105¼	105¾	+0¼	+1	9.25
Denmark Kingdom 11½ 90	100	106¾	107¼	+0¼	+1	9.45
Denmark Kingdom 11½ 92	100	106¾	107¼	+0¼	+0⅞	9.93
E.D.F. 10 95	225	100	100½	+0⅛	+1⅛	9.94
E.E.C. 9⅝ 90	350	100½	101	+0⅛	+0¾	9.39
E.E.C. 11⅛ 93	100	106	106½	+0¼	+0⅞	9.22
E.I.B. 12 95	200	111⅝	112⅛	+0⅜	+1½	9.97
Eli Lilly 10¼ 92	150	104¼	104¾	+0¼	+1⅛	9.32
Export Dev Corp 10 90	100	102⅝	103⅛	+0¼	+0⅞	9.16
Export Dev Corp 12 89	100	108¾	109¼	+0⅛	+0¼	9.13
Fed Dep Stores 10⅛ 95	100	101¼	101¾	+0⅛	+1¼	9.86
Ford Motor Cred 11⅜ 90	100	104¾	105¼	+0½	+1⅛	9.83
Ford Motor Cred 12 95	100	106¾	107¼	+0⅛	+0⅝	10.75
Gen Elec Credit 10¼ 00	200	102⅞	103⅜	+0⅛	+1	9.82
GMAC 10¼ 89	200	102¾	103¼	+0¼	+0⅞	9.17
GMAC 10¼ 92	250	101¾	102¼	+0⅛	+0⅝	9.83
IADB 10½ 95	150	102⅞	103⅜	+0¼	+1	9.97
IBM Credit 10⅜ 2000	300	†103⅛	103⅝	+0¼	+0⅝	9.91
Kellogg Company 10⅛ 90	100	104	104½	+0¼	+0⅞	9.58
Kellogg Company 11¼ 92	100	105¾	106¼	+0⅛	+0¾	9.88
L.T.C.B. 12⅛ 91	100	113	113½	+0⅛	+0¾	9.79
Macy Cred Corp 11½ 95	100	†104	104½	+0½	+1⅝	10.98
Mitsui Trust 11⅝ 90	100	†106⅛	106⅝	+0⅜	+1	9.78
Nippon Cred Bk 10⅝ 95	150	102⅞	103⅜	+0⅜	+1	10.11
Pillsbury Co. 10¼ 93	100	99⅞	100⅜	+0¼	+0⅞	10.21
Pru Realty secs 12⅛ 95	546	110⅝	111⅛	+0¼	+0⅞	10.22
Qantas Airways 10⅜ 95	140	103¼	103¾	+0⅜	+1	9.78
Quebec Hydro 11½ 92	100	108¼	108¾	+0⅛	+1	9.76
Queensland Govt 10¼ 95	100	101⅜	101⅞	+0⅛	+1⅛	9.96
Ralston Purina 11¾ 95	150	108¼	108¾	+0¼	+1	10.27
Ralston Purina 12¼ 89	100	109⅜	109⅞	+0¼	+0⅞	9.01
Saskatchewan 10¾ 92	100	105¼	105¾	+0¼	+1	9.52
Saskatchewan 11⅞ 89	100	108⅜	108⅞	+0¼	+0⅞	9.15
Statoil 10 90	170	102¼	102¾	+0¼	+1	9.29
S Wales Trsy 11¾ 90	150	107⅜	107⅞	+0⅛	+1	9.51
Swed Exp Cred 10 92	100	101⅝	102⅛	+0¼	+0⅞	9.57
Swed Exp Cred 12¼ 89XW	100	108⅜	108⅞	+0¼	+0⅝	9.85
Sweden Kingdom 10⅞ 90	200	105	105½	+0¼	+0⅞	9.34
Sweden Kingdom 11½ 89	200	107⅛	107⅝	+0⅛	+0½	9.21
Sweden Kingdom 11¾ 94	100	109	109½	+0⅜	+1⅛	10.14
Tenneco Corp 10¾ 95	150	102½	103	+0⅝	+1¼	10.25
Texaco Capital 10 95	300	†88	90	0	+2	11.95
United Tech Fin 10⅝ 95	100	102¾	103¼	+0⅜	+1⅜	10.11
Victorian Rep 11⅛ 92	150	107⅜	107⅞	+0¼	+1¼	9.93
World Bank 10⅛ 95	300	102⅝	103⅛	0	+1⅜	9.64
World Bank 12⅛ 94	200	115⅞	116⅜	+0¼	+1	10.09

Average price change On day +0¼ on week +1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev Bank 8 94	200	105¼	106	−0⅛	−0⅜	7.11
Austria Republic 7⅝ 94	200	104⅜	105⅛	0	+0½	6.85
Baxter Travenol 7¼ 94	200	101¼	102	0	−0¼	6.98
Copenhagen 7⅝ 95	150	101½	102¼	+0⅛	+0⅛	7.08
Credit National 8⅛ 94	200	106⅛	106⅞	−0⅛	+0¼	7.05
Dow Chemical 6¾ 95	300	98¼	98¾	+0¼	+0⅜	6.96
E.I.B. 7¼ 94	300	102	102½	+0¼	+0⅛	6.91
Escom 8 92	150	94¾	95½	+0⅛	+1⅜	9.03
Ex-Im Bk Korea 7⅝ 90	100	100	100½	0	0	7.54
Ferrovie Dello Stato 8 91	100	103½	104¼	+0⅛	−0¼	7.08
Finland Republic 7 92	200	100¾	101½	+0⅛	+0⅛	6.76
Gould Int Fin 7⅜ 91	100	102⅝	103⅜	+0¼	+0⅝	6.83
Ireland 8⅛ 92	150	103⅞	104⅝	+0⅛	0	7.26
Japan Fin Corp 7⅝ 91	100	103⅞	104⅝	+0¼	+0½	6.67
Mitsubishi Hvy 3½ 89WW	300	156½	157½	+0⅜	−3	−10.13
Mitsubishi Hvy 3½ 89XW	300	91⅜	92⅛	0	+0⅛	6.34
Mitsubishi Met 3⅛ 89WW	100	104¾	105¾	+0¼	0	1.76
Mitsubishi Met 3⅛ 89XW	100	89	89¾	0	0	6.19
Quebec Hydro 7⅛ 95	200	102⅜	102⅞	−0⅛	0	6.73
Rente 7¾ 95	100	102¾	103¼	+0¼	0	7.29
Soc Cent Nuclear 7⅛ 95	150	101	101½	0	−0¼	7.06
Societe Cent Nuclear 8 91	100	104⅞	105⅝	+0⅛	−0⅛	6.82
Sth African Tran 7⅝ 92	100	91⅜	92⅛	−0⅛	−0¼	9.29
World Bank 7 95	600	101	101½	+0¼	+0½	6.81

Average price change On day +0⅛ on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Avon Cap Corp 5⅝ 94	130	†*101	101¼	0	0	5.21
Brit land Comp 6½ 93	75	†104½	104¾	+0½	−0¼	6.00
Council of Europe 6 92	120	†102	102¼	0	−0⅜	5.62
Creditanstalt 5½ 94	100	†99¼	99½	−0½	0	5.59
Deutsche Bk Fin 5⅜ 95	100	†102½	102¾	0	−0¼	5.01
E.I.B. 5¾ 94	120	†102¼	102½	+0⅛	+0⅞	5.53
Gen Occidentale 4½ 94	80	†103¼	103½	+0⅛	+0¼	4.05
Glendale Fed S&L 5½ 95	100	†97¾	98	−0¼	−0¼	5.79
Ind Fund Fin 5¼ 94	40	†100¾	101½	0	0	5.59
Int-Am Dev Bk 6⅛ 94	120	†103½	103¾	0	+0¾	5.60
N Zealand steel 5¾ 95	70	†100	100½	+0⅛	+0⅛	5.72
Oberos Kftwk 5⅜ 95	100	†100¼	100½	0	−0¾	5.32
Olivetti Ind 5½ 95	100	†101	101¼	0	0	5.34
Pepsico 5¼ 95	130	†101½	101¾	0	0	5.02
Ralston Purina 5⅜ 94	125	†102	102¼	+0½	+0½	5.07
Santos Finance Ltd 6 94	130	†100½	100¾	0	+0⅜	5.90
Tokyo Elec Pwr 5½ 93	120	†101	101¼	+0¼	−0¼	5.39
Tokyo Metropolis 5¼ 94	80	†101¾	102	+0¾	+1	4.99
World Bk 5¼ 94	150	†102¾	103	0	+1	5.34

Average price change On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Caisse Nat Tele 6¼ 92	25	98	98½	+0⅛	+0¼	6.57
Gdyr Tr & Rubber 7⅛ 95	25	101¾	102¼	+0¼	+0⅜	6.82
Mort Bk Denmark 7 92	10	100⅞	101⅜	+0⅛	+0⅜	6.77
New Brunswick 7⅛ 95	10	101¾	102¼	+0¼	+0⅝	6.82
Swed Exp Cred Zero 90	14	73	73½	0	0	6.71

Average price change On day +0⅛ on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Barclays Aust 12⅝ 90A$	50	91⅝	92⅝	−0¼	−1¾	15.01
Creditanstalt 12⅞ 90A$	50	97½	98½	−1⅝	−1	13.43
Pepsico Cap. Res. 13 90A$	50	102⅜	103⅜	+0⅛	−0⅛	12.14
Swed. Export Cred 13 88A$	40	96¾	97¾	0	+0⅝	14.20
Amex 10¾ 90 C$	50	101⅝	102⅛	+0⅜	−0⅛	10.18
Canadian Pac 10⅜ 90 C$	75	100	100½	+0⅜	+0¼	10.28
CIBC 10¾ 90 C$	75	†103½	104	+0¼	+0⅛	9.72
Genstar Fin 11¾ 95 C$	75	101⅝	102⅛	+0⅛	−0⅛	11.39
Montreal 11½ 95 C$	75	105½	106	+0¼	+0½	10.49
Sears Acc. Co 10⅜ 92C$	75	†99	99½	+0½	+0⅜	10.77
Winnipeg City 10⅝ 90C$	50	103¼	103¾	+0⅛	0	9.61
Chrysler Fin Corp 17 90NS	65	93¼	95¼	+0⅛	+0¾	18.85
K.O.P. 18¼ 91 NS	50	91¼	93¼	0	−0¼	18.69
Kredietbank Lux. 17 88 NS	70	100	101	0	−0¾	16.67
Bayer Vereins 8⅝ 88ECU	60	101¼	101¾	+0⅞	+1⅜	7.78
Chrysler Fin Corp 9 92ECU	75	97½	98	0	−3⅞	9.45
Xerox Canada 8½ 90 ECU	40	98⅞	99⅛	0	0	8.82
Honda Motor WW 3⅞ 90FL	100	103⅝	104⅛	+0⅝	+0⅝	2.89
Honda Motor XW 3⅞ 90FL	100	89⅜	89⅞	+0¼	+0⅝	6.74
Thyssen 7¼ 90 FL	50	103½	104	+0⅛	0	6.30
Wereldhave 7½ 90 FL	75	102	102½	0	+0⅛	6.90
Wessanen 6¾ 90 FL	50	99¾	100¼	0	+0⅛	6.74
Mobil Corp. 11⅛ 90 FF	500	102	102½	0	+0¼	10.48
Australia Comm 11 92 £	40	98¼	98¾	−0⅜	−1¾	11.32
E.I.B. 11⅛ 93 £	50	98⅛	98⅝	−0¼	−2	11.44
GMAC UK Fin 10½ 90 £	30	97⅛	97⅝	−0⅜	−1¾	11.23
Imp Chem Inds 11¼ 95 £	75	98⅝	99⅛	−0¼	−1¾	11.43
Imp Chem Inds 10¾ 92 £	75	96¼	96¾	−0⅜	−1⅞	11.50
Mcdonalds 10⅞ 90 £	40	99⅜	99⅞	−0⅛	−1⅜	10.95
Mitsubishi Fin HK 11 90 £	50	98¼	98¾	−0¼	−1¾	11.40
NSW. Treasury 10⅝ 92 £	50	95¾	96¼	−0⅛	−1⅜	11.49
Privatbanken 11⅞ 92 £	20	99⅝	100⅛	−0⅜	−0⅞	11.87
Rank Xerox 11 92 £	40	96⅝	97⅛	−0¼	−1¼	11.69
Royal Ind 10¾ 92 £	60	95¾	96¼	−0⅜	−1¾	11.61
Star Drug Cap 10⅞ 90 £	30	98⅝	99⅛	−0¼	−1⅝	11.18
Tricentrol XW 11 92 £	35	93⅛	93⅞	+0⅛	−2½	12.47
Tathouse Forte 11⅛ 90£	50	98⅛	98⅝	−0⅜	−1⅝	11.58
World Bank 11¼ 95 £	100	99¼	99¾	−0⅜	−1¾	11.31
C.O.E. 8⅞ 95 LF	600	98¾	99¼	0	−0¾	9.02
Nat Lux Alum 10½ 92 LF	600	102⅝	103⅝	0	−1⅜	9.83

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Abbey National 5 2000 £	0	99⅜	99⅝	15/1	11⅜	11.43
BankAmerica O/S 5¼ 96	0⅛	99¾	100	30/12	8⅛	8.14
Bankers Trust 5 2000	0	99⅞	100⅛	11/12	8.44	8.44
B.F.C.E. 5¼ 99	0⅛	100⅛	100⅜	13/12	8¾	8.73
B.N.P. 5¼ 95	0	101¼	101½	10/1	8.69	8.57
B.N.P. 5¼ 96 (July)	0¼	100	100¼	22/1	8¼	8.24
B.N.P. 5¼ 99	0⅛	100	100¼	22/3	8⅜	8.36
Britannia 5 93	0⅛	99¾	100	8/1	11½	11.51
C.C.F. 5¼ 97	0	99½	99¾	5/4	8.06	8.09
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅛	5/12	8.44	8.44
Citicorp 5 2035	0	99⅛	99⅜	27/1	8.23	8.29
Credit Lyonnais 5⅛ 96	0⅛	100⅝	100⅞	11/4	8½	8.44
Credit Lyonnais 5 00	0	100⅛	100⅜	10/1	7.94	7.92
E.E.C. 5 90	0	99⅝	99⅞	8/1	7.94	7.96
E.N.E.L. 5 00	0⅛	100	100¼	1/8	8⅜	8.36
Ireland 5¼ 97	0	99⅞	100⅛	28/2	8.44	8.44
Lloyds Bank Perp	0¼	100	100¼	9/12	8	7.99
Man-Hanover 5 97	0	99⅛	99⅜	22/2	8.19	8.25
Midland Bank Perp 5	0¼	100⅛	100⅜	19/12	8⅛	8.10
Nat West Perp A 5¼ S	0¼	100	100¼	9/1	8¼	8.24
Nat West Perp B 5¼ S	0¼	100	100¼	10/2	8⅝	8.61
Roy Bk Scot 5¼ 2005 £	0	99⅛	99⅜	4/2	11¾	11.84
Societe Generale 5¼ 97	0	100⅛	100⅜	18/3	8⅝	8.60
United Kingdom 5 92	0	99⅞	100⅛	7/7	8.06	8.06

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	128⅞	130⅛	+2½	7.69
Comcast 7 2000	12/85	23.875	†109	110	+0½	21.60
Fanuc 3¾ 98	1/84	7032.3	202½	204½	+4⅜	66.05
Fuji Hvy Inds 3 2000	8/85	678	94	95¼	+0¾	4.88
Fujitsu 3 99	5/84	1320.9	165⅝	166⅝	+2⅝	15.89
Kumagai Gumi 3½ 2000	3/85	600	174⅛	175⅜	+3½	13.26
Marui 3½ 99	7/84	1162	151	152¼	−0¼	−7.37
Mitsubishi Bank 2⅞ 00	8/85	1768	98⅜	99⅝	+0½	−1.12
Mitsubishi Elec 2⅞ 00	3/85	422	103⅛	104⅜	+1½	0.49
Murata 3½ 2000	7/84	2398	127⅜	128⅜	+2½	22.15
Nippon Elec 2⅞ 2000	1/85	1295	127¼	128½	+2⅜	69.23
Nippon Oil Co 3 2000	5/85	923	108⅝	109⅞	+1¾	2.46
Oki Elec Ind 3½ 99	10/84	805	106	107¼	+1⅞	2.28
Sekisui House 3 99	6/84	612	157¼	158¾	+0⅞	1.61
Sumitomo Bank 2¾ 2000	8/85	2142	94⅛	95⅛	+0⅛	6.13
Sumitomo Corp 2⅞ 99	5/84	593	134½	135¾	+2⅞	3.28
Taiyo Yuden 3¼ 2000	3/85	1078	†112	114	+5	8.87
Takeda Riken 3⅜ 2000	10/84	7683	†105	107	+1½	13.05
Tokyo Sanyo Elec 3½ 99	12/84	772	100¾	101¾	+0¾	2.86
Toshiba Ceramics 3 2000	4/85	1734.2	101¼	102¼	+2¾	5.65
Nippon Oil Co 2⅞ 92 SF	3/84	1052	†101¾	102¼	+0⅛	22.12
Nippon Shinpan Co 2 92 SF	3/84	801	†110	111	−0⅛	12.45
Asics 5 92 DM	12/83	520	107⅝	108⅞	0	17.39
Renown 3⅛ 90 DM	3/85	675	105⅝	106⅝	+0⅛	−4.14
Sum Realty 6¼ 92 DM	2/83	338	†381½	382½	+14¾	−3.83

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cn. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Tribune to sell Los Angeles newspaper

By Our New York Staff

TRIBUNE, the Chicago-based newspaper and broadcasting group, has agreed to sell the Los Angeles Daily News and nine of its 15 cable television systems in two separate deals totalling $413.5m. Tribune will use the proceeds to reduce debt incurred in its recent $510m acquisition of the KTLA television station in Los Angeles.

The board has approved definitive agreements to sell the 70-year-old Los Angeles Daily News to Mr Jack Kent Cooke, the California businessman, for $176m and nine cable systems to Jones Intercable, the 17th largest US cable system operator, for $237.5m.

Tribune acquired the KTLA station as part of its plan to focus on building its chain of six independent television stations. It was required to divest the Los Angeles newspaper and two of the nine cable systems which are in the Los Angeles area under US Federal Communications Commission (FCC) rules.

The sale of the Los Angeles newspaper, which has a circulation of more than 150,000 copies a day, represents an apparent change of heart by Tribune. Earlier it had considered swapping the Daily News for a newspaper elsewhere.

Jones Intercable, based in Colorado, owns or manages 69 cable television systems across the US. Aside from the two Los Angeles cable systems it is acquiring from Tribune, the other systems are in Florida, Michigan, Oregon and Virginia.

W. R. Grace in Deutsche Bank accord

By Paul Taylor in New York

W. R. GRACE, the diversified US speciality and agricultural chemicals, natural resources and retailing group, said it had reached agreement with Deutsche Bank AG of West Germany to acquire the 13.6m shares or 26 per cent stake in Grace held by the West German Flick group for $43.75 a share or a total of $595.9m.

Grace also said it would sell its extensive retailing interests as a first step towards a corporate restructuring.

The share buy-back agreement follows Deutsche Bank's recently announced deal to acquire Düsseldorf-based Friedrich Flick Industrieverwaltung. Grace also said it would acquire certain preferred stock held by the Flick group for $2m. Mr J. Peter Grace, chairman and chief executive, said: "Under our agreement with the bank, we will acquire these shares ourselves or assign our rights to a third party. We are evaluating several options to finance the transaction, including the issuance of equity securities, if we decide to acquire these shares ourselves."

He added: "Grace is also examining several restructuring alternatives and, along these lines, we have decided to sell the Grace retail group as a first step."

In the fiscal year ending September 30 Grace reported net earnings of $158.6m on sales of $7.1bn.

Conrad Black

Mr Conrad Black's holdings are estimated to be worth well over C$100m (US$71m). The figure was inadvertently omitted from a story in yesterday's edition.

Phillips Petroleum takes $350m write-down

BY WILLIAM HALL IN NEW YORK

PHILLIPS Petroleum, the highly leveraged US oil company which fought off an unwelcome takeover bid earlier this year, is taking a $350m after-tax write-down in its fourth quarter on its minerals and chemicals business.

Phillips, as reported in later editions yesterday, is the latest in a string of US oil companies to write off unprofitable parts of its business. The financial impact may be more severe than in most other cases since the company's net worth is already relatively small in relation to the heavy borrowings the company undertook in its fight to stay independent.

At the end of June Phillips had net worth of $1.5bn and long-term debt of $7.3bn.

Phillips expects to have completed the sale of a total of $1bn of assets by the end of the year and says gains on some of these sales should substantially reduce the impact of the write-off on the company's earnings.

On Wall Street, where there has been some concern about Phillips' ability to maintain its dividend given the further fall in the oil price, the company's shares fell $¼ on Tuesday to a record low of $11¼, valuing the group at $2.5bn.

UK COMPANY NEWS

Tate & Lyle accounting change upsets City

Tate & Lyle's shares fell 22p to 546p yesterday after publication of the group's preliminary profit figures which, at £76.7m pre-tax, benefited to some extent from a change in foreign currency accounting.

While the result, accompanied by a 16 per cent dividend rise, met analysts' forecasts, Tate's change to using average exchange rates flattered the profit increase as the previous year's reported £69.2m was revised down to £65.4m.

Sir Robert Haslam, the retiring chairman who is set to take over at the National Coal Board, says the accounting change reduces artificial volatility of earnings and gives a better perspective of the group's progress.

Over the year to September 28 1985, Tate's mainstay business of sugar production and refining came under pressure both in the UK and the US and it was non-core businesses, particularly automotive, industrial and construction, which provided the profits increase.

Using Tate's revised figures for 1983/84, combined profits from sugar production and refining fell by just over 30 per cent to £29.4m and accounted for a much smaller 40 per cent share, against 66.5 per cent, of group operating profits inclusive of associate contributions.

Mr N. M. Shaw, the group managing director who is to inherit the chair next March, says that UK sugar profits were disappointing, primarily because of "the squeeze on margins caused by the EEC decision to restrict agricultural price increases to rates below the level of UK inflation."

In North America, Refined Sugars refinery at Yonkers, New York, has been going through "a painful realignment of the Northeast sugar market," while profits from the Canadian offshoot, Redpath Sugars, were retarded by a five-week strike at the Toronto refinery.

On the non-core side, profits from automotive, industrial and construction products, more than quadrupled from £3.3m to £14.4m, largely reflecting the acquisition in January of Donlee Manufacturing Industries, of Canada, for £27m.

Donlee was one of a number of acquisitions made this year, which cost Tate £92m in total and were mainly overseas and mainly on the other side of the Atlantic. The acquisition programme, says Sir Robert, has "balanced the geographical spread; strengthened our position in overseas sugar markets; and diversified into new markets."

Mr Shaw says the acquisitions have already contributed £13m to operating profits and this figure "would be consistently higher in a full year." Some disposals have been necessary, however; the majority stake in Belize Sugar Industries was sold and in Canada, Redpath sold its agricultural pipe operations and packaging companies as part of its business reorientation, reflected in the Donlee purchase.

The reduction in the Belize stake to 10 per cent brought about a £11.6m extraordinary debit, which was evidently at the half year, and reduced Tate's attributable profits from £35.9m to £26.5m.

Tate's other operations, which include businesses as diverse as building minesweepers, made profit improvements in packing and distribution, agribusiness, bulk liquid storage, insurance, and malting, while sugar trading cut losses by £3.7m to £3m.

On the negative side profit falls were recorded in molasses, down from £11.2m to £9m, and cereal sweeteners and starches, down from £5.1m to £3.4m.

Mr Shaw says the worldwide molasses trading business of United Molasses and the domestic US business of Pacific Molasses were affected by the "generally depressed agricultural scene on both sides of the Atlantic, with violent fluctuations in the dollar contributing to a difficult year."

However, he says that the group is the leading world trader in molasses, and together with its trading in tallow, feed fats and associated products remains "well placed to take advantage of opportunities."

Packaging and distribution, which contributed a considerably higher £6.6m against £1m, saw a satisfactory return from the UK road transport operation; a return to adequate margin levels at Ridgways, engaged in tea packing; and the related Nigerian company continued to expand and secured a "substantial share of the retail market, making good profits."

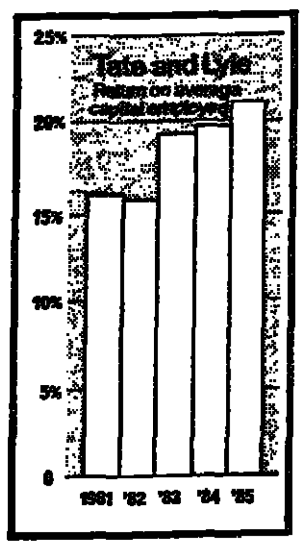
Elsewhere, Hugh Bair & Sons maintained satisfactory levels on both domestic and export sales of malted barley; Richards (Shipbuilders) delivered five minesweepers to the Royal Navy; Tate & Lyle Reinsurance and Athel Reinsurance contributed higher profits of £3.3m (£2.1m); but results from Zimbabwe were depressed because approval to increase selling prices, applied for in March 1984, were withheld until August 1985.

Group turnover was lower at £1.63bn, against £1.68bn, but generated higher operating profits of £67.5m compared with £54.3m. Associates contributed £9m, up from £8.4m, but net interest receivable fell from £2.7m to £0.2m.

Shareholders, who are set to receive a higher final dividend of 14.5p (12.5p) for a higher 22p (19p) total, are told by Sir Robert that Tate has now started to make new investments which should "maintain its momentum over the rest of the decade and beyond."

He adds that "the business is operating from a solid financial base and has every opportunity to achieve further profit growth."

See Lex



Sir Robert Haslam (left), Tate & Lyle's retiring chairman, and his successor, Mr Neil Shaw . . . this year's acquisition programme has already contributed £13m to operating profits.

Stakis up 31% to record £13m

THE RECORD breaking continued for Stakis in the year to September 29 1985. On turnover up by 7.5 per cent, pre-tax profits for the hotels, casinos and wines and spirits group showed a further improvement of 31 per cent on last year's record.

From earnings per 10p share up at 4.38p (3.72), the 11th successive year of growth, the directors are recommending a final payment of 0.08p, compared with 0.67p adjusted for last year's two-for-one scrip issue, making a total of 1.2p (1p).

Turnover improved from £133.14m to £143.02m, with taxable profits ahead at £13.28m (£10.16m). The bulk of the profit growth came from hotels where trading profit rose from £5.98m to £8.74m with contributions from casinos up from £3.65m to £4.28m, property £874,000 (£464,000) and finance after interest, £766,000 (£671,000).

There was also a slight increase by wines and spirits from £1.08m to £1.13m but there was a fall of 14 per cent in the second half from £729,000 to £618,000.

An analysis of turnover shows hotels up from £48.04m to £56.29m; casinos £21.91m (£21.84m); wines and spirits £60.85m (£61.94m); property £1.9m (£476,000) and finance £2.07m (£851,000).

The comparatives have been adjusted to conform with the revised presentation of segmented turnover and profit.

During the year the make-up of the wines and spirits division altered, with a switch out of wholesaling and expansion of the retailing side with the purchase of 51 off licences from Dee

The trading profit totalled £15.78m (£11.85m) and the pre-tax figure was struck after net interest charges of £1.95m (£1.26m) and an allocation to the employee share scheme of £551,000 (£423,000).

● comment

Stakis says this is the 11th year in a row that it has produced a significant increase in earnings per share and it has every confidence that it will do the same again next time. Its confidence appears well placed. The hotels operation continues to show strong growth, partly because two new hotels and two substantial extensions have added to turnover but also because room and occupancy rates are up. The current year will see a further advance through the addition of 60 "club" class bedrooms at its St Ermin's Hotel in London and there has already been a further acquisition. The casinos have seen good progress in the wake of the closure of three poor performers. Here, renewed expansion in the provinces is likely to bring a further improvement in the current year. Wines and spirits have proved unimpressive this time, but the disposal of the wholesaling operation and acquisition of Dee's off-licence chain provides room for substantial growth at the margin. Overall some £15.5m is in sight, putting the shares, steady at 67p, on a prospective p/e ratio of 14. The premimum to the sector looks justifiable.

API advances 18% and diversification continues

IN A YEAR when Associated Paper Industries became one of the world leaders in stamping foils, pre-tax profit improved by 18 per cent on turnover ahead by 15 per cent.

Mr Charles Rawlinson, chairman, describes the buying of Dri-Print Foils from ICI as the most important event in the year to September 28 1985. Sales of stamping foils, which consists of the printing of metallic foil onto paper or card, more than doubled and gave the group its leading world position.

The cost was $8.4m financed by a medium/term US dollar loan.

Turnover rose from £47.15m to £54.23m with taxable profits of £4.62m (£3.91m). From basic and fully diluted earnings of 20.1p, against 17.2p, the final payment has been raised to 4p (3.5p) making a total for the year of 6p (5p).

A breakdown of the turnover and trading profits — £4.64m (£4.01m) — shows that the major contributor was papermaking and converting with profits of £3.32m (£3.01m) on turnover of £39.04m (£34.62m); stamping foils £1.36m (£1.33m) on £10.13m (£8.49m); air conditioning, filtration and purification £604,000 (£423,000) on £5.06m (£4.04m).

Mr Rawlinson says that Garnett's paper mill, in the papermaking division, produced a particularly good performance.

Stamping foils were at first sight disappointing, he adds. George M. Whiley sales and profits improved but Peerless suffered from lack of capacity and some related exceptional costs. The group is investing in new plant which should solve the problems and the company is optimistic about the future.

During the year, £4.3m was spent on capital investment funded from internal resources.

Mr Rawlinson says the group is budgeting for further progress in the present year. During the year Peerless Foils will move to another factory in London, Dri-Print will be integrated and a number of important capital projects will be completed. API is also looking at a number of other investment opportunities.

● comment

If more companies were like API, the image of the UK paper industry might not be quite so frumpish. The company has spent £4.3m on updating its plant and eliminating a capacity bottleneck in its stamping foils division, has paid out 20 per cent more in dividends, and is still ending the year with a stronger balance sheet than at the outset. Partly as a result of this investment, the value added component of API's basic papermaking and converting activities is rising, making it somewhat less exposed to raw material cycles. With the benefit of the new space the stamping foils division should improve in the current year, although the acquisition of Dri-Print will have no effect on profits until the following year. The shares, at yesterday's price of 220p, are near the year's high, where they trade on a fair prospective p/e ratio of 11 (35 per cent tax), assuming £5.5m.

Irish Distillers improves in second half

IRISH DISTILLERS GROUP produced higher second half profits, but a dip into the red at the interim stage because of a strike left the figure for the year ended September 30, 1985, I£3.66m behind at I£7.57m (£6.42m sterling).

After six months the group incurred losses of £577,000, against profits of £5.16m. The directors then said that results for the full year would be substantially down, but it was expected that in the second half the out-turn would show an improvement as shipments accelerate to pick up business affected by a strike in the first six months.

A strike lasting seven weeks severely affected trading in the first six months at home and abroad. The directors said that the resultant loss of sales, taken in conjunction with substantial destocking by home trade at the time of a reduction in excise duty, was the cause of the profit fall.

Earnings per share are shown as 10.28p compared with 17.28p but the dividend is maintained at 7.15p net with a second, in lieu of a final interim of 5.65p (same).

Turnover for the 12 months expanded from £184.98m to £249.63m (£211.6m) and trading profits were little changed at £16.48m (£16.61m). The pre-tax figure was after higher depreciation and interest charges, and an exceptional debit of £1.47m.

Tax charge was £1.11m compared with £949,000 and after minority interests of £68,000, against £8,000, the attributable balance came through down from £10.27m to £6.4m.

● comment

After the dreadful interim result where a seven-week strike dropped Irish Distillers into a loss, the second half has produced some remarkably good figures even allowing for £1½m or so of profit which can directly be attributed to catching up on lost sales in the first half. Following the Minister of Finance's 20 per cent cut in the duty rate, the domestic market has experienced a tremendous improvement. Despite the excise cut the authorities are collecting 15 per cent more duty which in part must be a reflection of reduced smuggling from the North but also undoubtedly mirrors an upturn in consumption. Armed with this improvement at home and continued advances in export markets IDG must be looking for a good recovery this year. Even with the efforts in the second half the strike still lost £2m of profit so this time around profits should push past the £11.2m of 1983-84, leaving the shares on an earnings multiple of around 10 at 160p.

Rental boost for Granada lifts profit by 20% to £64m

BOOSTED by a full year's contribution from the Rediffusion rental business pre-tax profits of Granada Group expanded by 20 per cent to £64.4m for the year ended September 28 1985, against £53.75m, and were in line with market expectations.

Turnover moved ahead 21 per cent from £634.2m to £767.3m. Of this and trading profits of £65.9m (£55m), the group's UK television and video rental and retail division contributed £265.1m (£165.5m) and £38.5m (£28.2m) respectively. The overseas sector of this division added a further £132.4m (£127.2m) and £9.8m (£9.7m).

Mr Alex Bernstein, chairman, says the most important event was the "successful integration of the Rediffusion rental business." The full year's trading is compared with just 2½ months in 1983-84 and with some 650 showrooms, the group is now "the largest single rental brand in the country," says Mr Bernstein.

He points out that this provides a sound base from which to increase rental market share and to move into the retail market.

Earnings per share are given as 12.6p compared with 15.2p, but the dividend is lifted, in effect, from an adjusted 6.2p to 7.1p with a final payment of 4.57p.

Other contributors in the divisional analysis were: television (including Granada International) £176.4m (£171m) and £11.4m (£13m); Bingo social clubs and cinemas £38.2m (£32.8m) and £7.4m (£6.1m); motorway services £110.1m (£94.7m) and £5.7m (£3.8m); properties £5m (£3.7m) and £3.9m (£1.6m); insurance £31.1m (£28.7m) and £5.5m loss (£1.1m loss); other activities and financing costs £9m (£10.6m) and £5.3m loss (£4.3m loss).

Mr Bernstein says the results of Granada Television and Granada International were adversely affected by the disappointing level of advertising revenue for the television industry. Sales of programmes overseas were similar to last year, despite a much smaller contribution from Jewel in the Crown.

Bingo social clubs produced a profit growth of 21 per cent mainly from increased spending levels, the chairman states, while motorway services lifted their contribution by 50 per cent, predominantly from existing sites, but with a useful contribution from a new service area at Ferrybridge which opened last spring.

Two further sites will open in 1986 and hotel accommodation is being provided at the service areas at Exeter and Stirling.

Increased trading losses from the insurance companies were largely attributable to a £4.1m provision to cover claims relating to previous years, the chairman states. These companies have been sold, and the loss on sale has been provided for in extraordinary items.

Trading surplus for the year amounted to £193.24m, against £156.12m from which depreciation took £124.85m (£95m), and interest £2.47m (£6.06m). The pre-tax figure was after £1.48m (£1.29m) for the employee share scheme.

Tax charge was £32.31m, compared with £25.37m and after minorities, £918,000 (nil) and an extraordinary credit of £2.43m (£6.51m debit which was met by a transfer from reserves) the balance attributable came through ahead from £28.39m to £33.65m. Dividends will absorb £17.6m (£15.79m).

Total net borrowings were down from £79.2m to £67.4m with gearing ratio at 25.7 per cent against 30 per cent last time.

See Lex

Mr Alexander Bernstein, chairman of Granada.

Castle severs distribution link with W F Rational

BY DAVID GOODHART

Castle (GB), the troubled USM-quoted distributor of fitted kitchens, is ending its distribution link with W. F. Rational Einbaukuchen GmbH which holds 29 per cent of its equity.

Rational took its stake in August in exchange for £1.3m of trade credits. Castle, which made a loss of £2.24m on turnover of £15.74m to July 26, 1985, said that Rational would retain its stake "for the time being."

The company added: "The two companies feel that it is in their long term interests to go their separate ways."

Castle is selling to W F Rational that part of its distribution business which concentrates on selling the West German company's flatpack kitchen furniture products.

The assets are valued at £3.1m and Rational will be paying the equivalent of £2.9m in the form of deferred consideration and cash. Castle will use the proceeds of the deal to reduce its bank borrowings and trade creditors.

Castle's residual business will comprise its profitable Olmar appliance division, the "portrait" range of kitchen furniture, and the bathroom and bedroom divisions.

The directors of Castle said they were confident that following the transaction Castle would be well placed to expand its residual business from a less capital intensive and more profitable trading base. The company's shares were suspended yesterday.

Larches pays £1.6m for 28.5% of Southend Stadium

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

Larches Securities, a wholly-owned subsidiary of Shop Construction Holdings, the privately-owned property development and investment group, has paid £1.62m for a 28.5 per cent shareholding in Southend Stadium, the publicly quoted property company and greyhound racing operator.

Larches purchased its stake from Yelverton Investments, which in 1984 acquired the 5.9 per cent holding in Southend Stadium previously owned by Mr Jim Slater. At the time, it was disclosed that Mr Slater also owned a small shareholding in Yelverton. Yesterday's sale means that Yelverton no longer has any interest in Southend Stadium.

Together with shares it already owned, Larches now holds 28.7 per cent of the voting equity in Southend, the principal asset of which is the greyhound racing stadium. The company also owns several other smaller investment properties.

The stadium is due to close at the end of 1985, and there is outline planning consent for the development of a major retail warehousing centre on the 9.5 acre site. The consent, won two months ago, provides for the development of four retail units, a fast-food restaurant, car parking and a small number of houses.

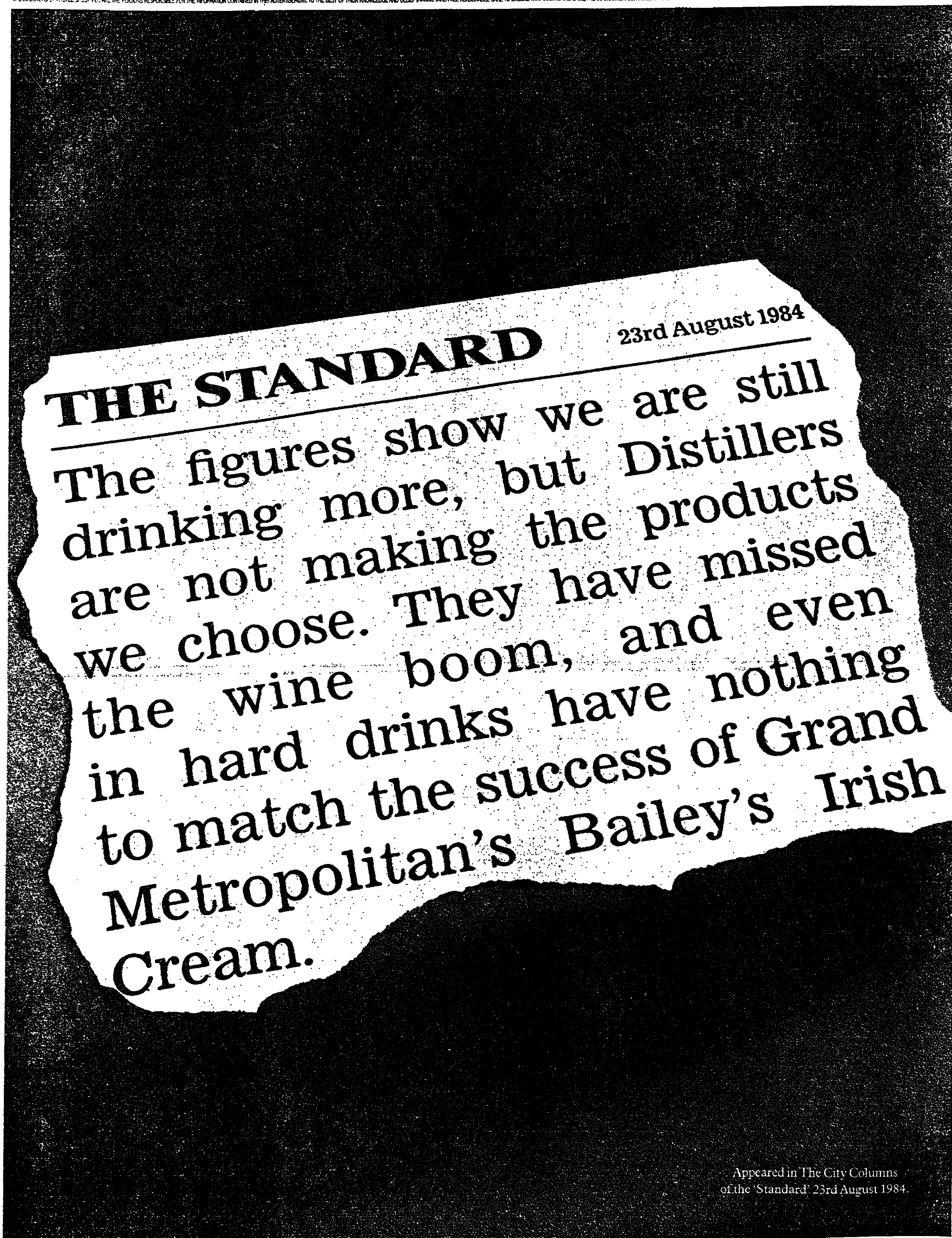
At least three major retail warehouse operators have expressed interest in occupying space on the development.

In the wake of the deal, Mr Malcolm Dagul, chairman and managing director of Larches, which is now the largest single shareholder in Southend, has joined the board.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Albion	0.7	—	nil	1.3	nil
Associated Paper	4	Feb 12	3.5	6	5
Baggeridge	4.63	—	4.38	6.88	6.25
Braithwaite ....int.	Nil	—	4	—	9.1
Brit. Build & Eng. int.	0.33	—	1.35	—	2.5
H. P. Bulmer ....int.	2.24	Mar 3	2.24	—	4.9
Charter Cons. ....int.	3.75	Jan 9	3.75	—	11
City Site‡	0.41	Mar 3	0.34	0.82	0.68
Deritend Stamping int.	2.4	Feb 19	2.2	—	6.3
Flexello	2.6	—	2	3.8	3
Granada	4.57	April 2	4.1	7.1	6.2*
Havelock Europa‡ ...int	1.12	—	0.7	—	2.3
Irish Distillers sec. int.	5.65	Dec 30	5.65	7.15	7.15
M & G Dual Trust ...int.	5.8	—	4.9	—	9.65
Marling Inds. ....int.	0.7	Jan 21	0.6	—	1.5
Moorgate Inv. ....int.	4.5	Feb 3	4	—	11.5
Frederick Cooper	0.55	—	1.24	1.10	1.77
NSS Newsagents	2.25	Feb 13	2.1	3.6	3.3
Stakis	0.8	April 9	0.67*	1.2	1
Tate & Lyle	14.5	—	12.5	22	19
Tex Holdings ....int	1.5	Feb 3	0.75	—	3.5
Tunstall Telecom	0.95	—	0.79	1.65	1.4
Wagon Inds ....int.	3.5	—	3	—	7.25
Yellowhammer ....int.	0.6‡	Jan 9	—	—	—

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.


THE STANDARD 23rd August 1984

The figures show we are still drinking more, but Distillers are not making the products we choose. They have missed the wine boom, and even in hard drinks have nothing to match the success of Grand Metropolitan's Bailey's Irish Cream.

Information as at the end of 1984 confirmed this statement.
Source: the international Wine and Spirit record.

Argyll. We can revive Distillers' spirits.

UK COMPANY NEWS

Charter rises thanks to cut in interest charges

Charter Consolidated, the mining equipment and industrial group seriously affected last year by the JMB collapse, yesterday reported a 31 per cent pre-tax profit rise for the half year to Septembr 30 1985.

The improvement — up from £8.48m to £11.12m—was thanks to a large reduction in interest charges. These fell £3.7m to £5.9m, but the result is still very depressed. In the comparable period of 1983, the group made £22m before tax.

The result was also adversely affected by a provision of £1.85m taken above the line. This arose from a shortfall in the value of current net assets due to a slack period in the group's equity dealing activities and a fall in the value of its investment in Charterhouse Petroleum. Under the terms of the 1981 Companies Act, which have just become effective, these have to be taken through the revenue account.

Mr Neil Clarke, chief executive, said that with the improved position at Johnson Matthey, of which he is chairman and in which Charter has a 27.9 per cent stake, ordinary dividends have been resumed from JM, and received on the convertible preference shares subscribed last year.

The interest reduction reflected the significant progress made in reducing group borrowings, said Mr Clarke, mainly as a result of steps taken last year to rationalise operations and to sell or close underperforming businesses. He added that action to achieve acceptable returns on capital was being maintained, and that operating profits showed an improving trend.

Operating profits in the half year fell from £10.48m to £9.23m, but last year's figure includes £1.82m from subsidiaries which have since changed their year ends. They also included losses in business which have since been discontinued.

Revenue from investments added £6.63m, down from £7.41m, and other interest contributed £4.22m (£3.39m).

In his review of operations, the chief executive said that following the end of the miners' strike in the UK there was no immediate recovery of orders received for capital equipment by the mining equipment companies, but orders for spares were slightly ahead of estimates. Profits here fell from £2.32m to £1.85m.

Mr Jocelyn Hambro, chairman of Chartered Consolidated

This includes a loss of £868,000 from the wholly owned subsidiary Anderson Strathclyde, which also reported figures yesterday, showing a drop into the red from a comparable £494,000 pre-tax profit. Sales from this offshoot fell from £86.57m to £81.05m, affected by high sterling exchange rates from its overseas subsidiaries. Sales in the UK were restricted by the aftermath of the miners' strike.

In the current half year, Charter says orders for UK delivery in the mining equipment area have picked up strongly, as they have for most export markets with the exception of the US, where demand is below expectations.

Both the railway track equipment and the building products sector more or less held their operating return on reduced turnover. The former made £2.65m (£2.69m) on turnover down from £21.43m to £20.01m, while building products added £3.05m (£3.03m) on turnover of £27.76m (£30.61m).

Results in contracting and civil engineering continued to disappoint, said Mr Clarke. This division showed an operating loss of £1.34m (profit £277,000) on turnover of £59.27m (£54.24m). Further action is being taken to improve returns.

The chief executive said that consistently high rates of production had been achieved in the Beralt Tin and Wolfram mine in Portugal, where improve production efficiencies had enabled it to remain profitable despite the severe drop in tungsten prices. Overall, however, mining activities' profits fell from £5.4m to £2.5m on turnover of £42.97m (£40.07m).

Tax was reduced from £5.39m to £3.41m, leaving attributable profits at £7.64m (£4.51m). The interim dividend is held at 3.75p per share, with earnings at 7.3p, against 4.3p last time when there was an extraordinary debit of £65.7m, mainly relating to Johnson Matthey.

Mr Clarke said as regards the outlook the financial position remained very strong, and that the profits of the operating *division were expected to* increase in the current half.

● comment

Disolution with Charter Consolidated is hardly a novelty. Though Charter's much-criticised investment in Johnson Matthey has worked out even better for Charter than the critics expected, JM is about the only asset in the Charter portfolio which actualy seems to have been picked up on the cheap. How else to explain why the group's after tax return on assets appears to be stuck at about 5 per cent, and its market value represents a discount of nearly 40 per cent; no premium here for synergies or managerial strengths. At least Charter's first half could boast an operating improvement from the previous half-year's disappointing level, though not, it must be admitted, an advance on the same period last year. Moreover, the balance sheet is appreciably stronger, so that interest payable should be less burdensome in the rest of the year. Yet the test is whether Charter's operating companies can generate more comfortable cover for the interest bill and the dividend (not increased since the year to March 1982). Anderson Strathclyde is evidently felt to be the key performer, carying hopes that its order-book will continue to strengthen as it pulls away from the aftermath of the UK coal strike. But until the overall operating margin starts rising to a multiple of its present 3.2 per cent, the shares must be considered a trifle expensive at 210p: assuming pre-tax profits of £25m, and a 30 per cent tax charge Charter shares are sitting on roughly the same multiple as Hanson Trust.

Charterhouse Pet. lifts holding in Berkeley to 26%

BY MARTIN DICKSON

Charterhouse Petroleum, the independent UK oil company, has increased its stake in **Berkeley Exploration & Production**, a small North Sea company, to 26.42 per cent with the purchase of 16.15 per cent held by Elf (UK).

Charterhouse has long been seen as a potential bidder for Berkeley.

Berkeley's future was thrown into doubt last month when merger talks it was holding with Petranol broke down. Simultaneously, *two of its directors* from Elf (UK), the British arm of Elf Aquitaine of France, resigned from the board so that Elf would be "free to dispose of its shares in Berkeley without any strings attached."

Shares in Berkeley closed last night at 95p, down 3p on the day, capitalising the company at £17.6m.

Berkeley, which in September reported first-half pre-tax profits of £1.73m (£770,000), has expanded substantially this year, both through the acquisition in June of Anvil Petroleum and through the award of stakes in 15 blocks in the ninth round of offshore licencing.

A year ago Elf and Charterhouse had a combined 51 per cent stake in the company, but that has been diluted by a series *of equity issues. Charterhouse* voted against the Anvil share exchange offer.

Elf said last month its belief that its stake would be further diluted to insignificant levels was a key factor in its plan to dispose of the stake.

Northamber graduation

Northamber, the supplier of computer printers and peripherals, yesterday unveiled a near 83 per cent interim profits increase and plans to graduate from the USM to the main market.

Mr D. M. Phillips, the chairman and managing director, says that Northamber's strong and consistent growth record is being maintained and it is now appropriate to seek a transition of the share quotation.

Profits over the six months to end-October, 1985, climbed from £454,000 to £829,000 pre-tax.

Northamber, formed in 1980, just qualifies for a full listing which, under Stock Exchange rule, requires a five year trading record.

The company, which improved first half earnings per 5p share from 3.4p to 6.8p, does not pay interim dividends.

Havelock Europa ahead

A SIGNIFICANTLY higher value of new orders, including several large individual contracts, has helped **Havelock Europa**, USM-quoted store designer and shopfitter, to a 45 per cent increase in pre-tax profits.

For the half year to October 18 1985, with turnover ahead from £4.17m to £5.51m, pre-tax profits rose from £291,600 to £422,000.

The directors are paying a higher 1.12p (0.7p) interim dividend from stated earnings per 10p share well ahead at 4.12p (2.63p). A total of 2.3p was paid in 1984-85.

The second half has begun with a markedly higher level of orders than at the same time last year, the directors state and the value of new orders received during November continued at a high level, they add.

Flexello hit by currency translation loss

PROFITS AT **Flexello Castors & Wheels** were hit by the weakness of the Australian dollar, against the pound, particularly in the second half. Directors of the Slough-based company say that translation losses cut operating profits by £117,000.

Before taking account of translation losses they say that operating profit advanced by 35 per cent to a record, the previous being in 1979. After currency losses the improvement fell to 9 per cent. However they add that the increase reflected the considerable improvement in the group's underlying performance.

In the year to the end of September 1985 turnover increased by 9 per cent to £12.58m (£11.5m). Pre-tax profits rose by 7 per cent to £785,000, against £734,000. From earnings per share of 13.55p (12.25p) it is proposed to increase the final payment to 2.6p, compared with last year's 2p, making a total for the year of 3.8p (3p).

Turnover for 1984 was restated by £65,221 following the reclassification of foreign exchange differences. Pre-tax profit for the year under review was increased by £11,200, with no material effect on the corresponding year, following the change in the translation policy for the results of the Australian offshoot.

*The directors say the Austra*lian offshoot had a very successful year with turnover up by more than 50 per cent and pretax profits more than doubling in local currency.

Mr J. F. Cowell, chairman, expects the progress reflected in the results to continue

The tax charge was £337,085 (£328,728) and there was an extraordinary credit last time of £120,008.

SHARES in **WA Holdings**, formerly Weeks Associates, were suspended yesterday, at the company's request, pending publication of reorganisation particulars. Last month WA announced reduced losses of £6,524 (£269,633) in the 28 weeks to August 18. The North Humberside company distributes rubber and plastic products and makes industrial and agricultural equipment.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: BET, Baker Perkins, Breaway, Brengreen, Bristol Evening Post, British Telecommunications, John Brown, Fuller Smith and Turner, Great Universal Stores, Greycoat, Haslemere Estates, Harold Ingram, A. Monk, Northern Foods, Old Court Currency Fund, Philips Lamps, Pilkington Brothers, Reed Executive, Alexander Russell, Stoddard, UKO International, Viewplan.

Finals: Adam Leisure, Carr's Milling Industries, Celestion Industries, Clydesdale (Transvaal) Collieries, Crystalate, Eldridge Pope, English China Clays, Inn Leisure, RHP, Richards, Sidlaw, Spencer Clerk Metal Industries, Whessoe, Williamson Tea.

FUTURE DATES

Interims—

Equity and Law Life Assurance Society .... Dec 19

Floges .... Dec 17

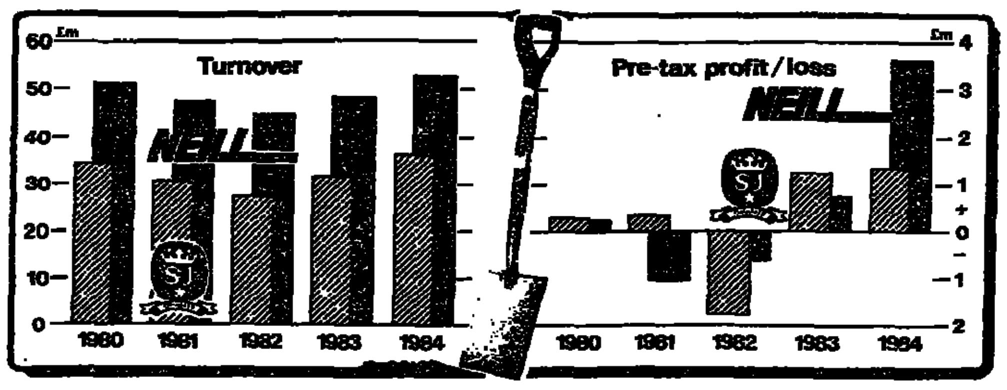
Final—

Western Selection .... Dec 18

UK COMPANY NEWS

Charles Batchelor considers Neill's hostile bid for Spear & Jackson

The rake's progress



THE NEED to create a British tool group large enough to fight off the foreign competition is the reasoning behind James Neill Holdings' hostile £15m bid for fellow Sheffield hand-tool maker Spear & Jackson.

Neill says that a merged group would make savings by combining production and distribution. Spear's strength in the garden and do-it-yourself market would complement Neill's position in the professional market.

The imports problem was illustrated by Mr Leonard Grosbard, managing director of Spear & Jackson.

"Just compare these," he said, picking up two almost identical pairs of pliers from a table littered with hammers, screwdrivers, saws and files.

The British-made pliers carried a price label showing £6.49. The German-made pliers, bought in the same shop, cost £4.49.

Warming to his theme, he selected two hammers. One, a well-known brand on sale in Britain had a label—£11.49, the other, a hammer Spear plans to import from Taiwan, had been priced, tentatively, at £5.49.

The bid reaches its climax on Saturday when Spear's 2,000 shareholders, including private investors owning a little more than half its equity, must decide whether to accept the offer.

They have heard during the past 10 weeks the two companies' different approaches to the problem facing the £250m British hand-tool industry.

The battle has set two prominent and venerable members of the Sheffield steel world against each other.

It was in 1760 that Alexander Spear and Robert Jackson set up the company to make steel by the recently discovered crucible process. Neill dates back a mere 86 years but Stubs, one of its components, also has its origins in the mid-18th century.

If the bid is successful it will create a major new British force in the fragmented industry, with a combined turnover of nearly £90m. Even if it fails it may spur others to look for merger opportunities among companies struggling for a share of a slowly growing market.

Both Spear and Neill are recovering from the recession and the impact of cheap imports which pushed them into the red in the early 1980s.

Spear is best known for its garden tools, but it has a major business in supplying saws to industrial users in the UK and France. It also makes specialist tools for the lumber, pulp and paper industries in the US.

The peculiarly Anglo-Saxon passion for gardening has meant that in garden tools cheap foreign competition has not emerged. There is not a market for these products large enough to attract Far Eastern imitators.

Spear's profits rose by 11 per cent last year. Having changed its year end it is forecasting at least £2m of profits in the 15 months ending March 1986, equivalent to a rise of 18 per cent on an annualised basis.

It sees its future in expanding its garden tools business where it occupies a profitable niche and importing other hand-tools made to British standard. It is buying the garden tools division of Falcon Industries for more than £5m in a move which willl extend its range into the important retailers' own-label market.

Spear at present sources about half its turnover from its own factories in Sheffield and the West Midlands. But from next year, when it adds mechanics tools to its range, the UK content will fall to 20 per cent.

Neill is a large supplier of saws and other hand tools to the professional market. More than half its turnover goes to engineering and automotive companies with the amateur DIY market forming only a relatively small part of its business.

Neill's pre-tax profits rose five-fold to £3.6m in 1984 and it has forecast a 38 per cent rise to £5m this year. However, in 1984 it also faced £2m of redundancy and other rationalisation costs.

Headed for the past two years by Mr Peter Bullock, a former managing director of Flymo, the garden mower maker, Neill has opted for investment in more efficient production in the UK. It has cut its workforce by 650 to 1,800, shut two of its factories and begun introducing robots on its production lines.

The professional market accounts for two thirds of total UK hand-tools sales and has proved more resistant to cheap imports than the DIY sector because UK manufacturers have exploited their close relationships with customers and distributors.

Nevertheless, imports have made large inroads and accounted for 49 per cent of the total UK professional and DIY market in 1984, according to the Federation of British Hand Tool Manufacturers. Neill's bid is intended to create a British tool group large enough to fight off the foreign competition.

Spear argues that Neill still has much of its production capacity tied up in products such as spanners, where cheap imports have taken a large part of the market. Spear claims it has already carried out its rationalisation and says it does not want to tie up with a company which still has many problems to solve.

It also believes that relatively high UK wage levels and high industrial rates in a city like Sheffield make unrealistic Neill's aim of producing cheaply in the UK in sectors where imports have a high market penetration.

"There are some products of an international character, such as spanners and hammers where you are on a hiding to nothing if you try to make them in the UK." said Mr Grosbard.

Both approaches have their supporters elsewhere in the industry. Several of the world's largest hand-tool makers have plants in relatively high-cost European countries or the US. They keep prices down by efficient production methods and large volumes.

The leading sources of UK imports are the US and Germany, though the lower prices charged by Far Eastern manufacturers understate their volumes.

Sandvik, the Swedish saws and hand-tool group, sources most of its world supplies of band saws and all its hole saws from a plant at Maltby, Yorkshire. Eighty per cent of the UK sales of Stanley Tools, part of the US Stanley group, are made in the UK. Stanley makes planes for US and Continental sale in the UK, but when it decided two years ago to expand into spanners and other mechanics tools it says it had no choice but to source them from the Far East.

One company, which has taken the other approach, is Draper, a Hampshire-based private company. It buys its entire tool range and sells them under its own label. Just 20 per cent of its £19m of sales is sourced in the UK.

Neill increased its offer in late November to five of its own shares for every three Spear shares with a cash alternative worth 250p per share. Spear's share price has failed to match the level of the offer recently though this could reflect a belief that the bid will fail.

With Neill's shares at 157p yesterday its share offer is worth 262p, 14p above Spear's market price.

The City has not been impressed with the performance of either company in recent years as their profits have felt the effects of recession and rationalisation costs. The arrival of Mr Bullock is seen as having strengthened Neill's management, while Spear's decision to base its headquarters in Guildford, far from its manufacturing plants, is viewed with some concern.

A common view in the industry is that the Spear and Neill product ranges would complement each other, but a tie-up with Spear would not do a great deal to reduce Neill's dependence on the UK market for about half its sales. The truly international dimension of companies such as Stanley, and Sandvik would still elude Neill.

Fredk. Cooper setback

Trading problems in the steel processing division of Frederick Cooper, industrial holding company, in the year to July 7 1985 resulted in pre-tax profits of £223,141 down from £452,870 last year. The strength of sterling also affected results.

The final dividend is 0.55p, making 1.24p for the year (1.77p).

The shares closed yesterday down 10p at 21p.

The Malthouse Engineering Company, which specialises in flame-cutting, surface grinding, normalising and hydraulic forming of steel products, is being sold to its management for £150,000 in cash, conditional on the approval of shareholders.

The rationalisation moves took the form of the closure of a steel pickling operation at the Aldridge plant of CM Steel Mills at a cost of £174,560 and a reorganisation at mebta niplatn organisation at the main plant at West Bromwich.

The group says the rationalisation has enabled new working practices to be introduced resulting in improved efficiency and a return to profitability, setting the division on afirm base to increase its market share.

BARKER AND DOBSON has received acceptances in respect of 45m shares (76 per cent) in its rights issue of 59.07m ordinary shares. Yesterday was the last date for acceptance and payment in full.

LOFs returns to SE after rescheduling of debt

London & Overseas Freighters (LOFs), the ailing UK tanker company, yesterday announced the details of the re-scheduling of part of its $44.33m (£31.3m) debt burden. The company's shares will be relisted on the Stock Exchange today after being suspended on September 10 at 2p.

Mr D. Kimber, IOF's chairman, said the company's principal aim had been to avoid liquidation. With its two remaining vessels worth less in the market than the amount at which they are valued in the books, there would have been no money available to shareholders.

The d ebt re-scheduling has given LOFs the opportunity to continue trading with a smaller fleet in order to take advantage of any upturn in freight rates, the company said.

There canbe no certainty that the improving trend in the tanker market will be maintained, but the present situation gives some grounds for a cautious optimism about the future, Mr Kimber added.

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LOF's has agreed with its bankers to maintain interest and borrowings. These borrowings are secured by first priority mortgages on LFS's two remaining vessels in favour of Sumitomo Corporation and Simisho Lease Company.

In additin, The Royal Bank of Scotlanl and The Bank of Nova Scotia will each advance $3.75m to the company in settlement of guartnees on part of these loans.

The $7.5m advanced will be to reduce the $30.67m first priority mortgage loans to $23.17m from April 1986 until that amount is fully repaid.

Only when the $23.17m has been fully repaid will interest and repayments resume on the balance of the group's borrowings of $21.16m due to The Royal Bank of Scotland, Bank of Nova Scotia and Bankers Trust Company.

Earnings are currently more than sufficient to meet loan interest payments, but additional loan repayments of $1.93m will become due in November and December 1986, and at six-monthly intervals for the following 5½ years.

If the vessels' earnings are not enough to meet these payments, LOFs will seek, if possible, to negotiate a further re-scheduling of loans, it said.

The sharp decline in the scale of LOF's activities means the size of its existing board is no longer appropriate so four non-executive directors have offered to resign.

LOF's now operates two 61,000 dwt tankers, the London Spirit and the London Victory. In the past six months, the company has sold three other vessels for a total of $13.4m, $7.9m less than their book value.

French offshoot pulls back Wagon Ind.

First-half pre-tax profits of Wagon Industrial Holdings' UK companies were in line with last year's, but the French company, Vinco, incurred a larger loss than in the comparative period. All Vinco's losses came in the first quarter, but since July there has been a strong recovery.

The directors say that if the present trend continues, Vinco will show a cumulative breakeven position before the end of the financial year.

Group pre-tax profits were down from £2.46m to £2.36m on turnover up from £34.04m to £39.35m in the six months to September 30 1985. Trading profits were also lower at £2.45m compared with £2.53m. Net financing charges increased from £72,000 to £90,000.

There was an extraordinary credit, after tax of £525,000, and this related to the sale of Road Signs-Franco and Cotswold Coach Craft.

The interim dividend is increased from 3p to 3.5p net—last year's total was 7.25p from pre-tax profits of £4.71m. Stated earnings per 25p share rose from 5.83p to 7.04p.

The directors say order books are stronger than at the same stage last year, and in the absence of unforeseen circumstances, the second half should show an appreciable increase in profits over the corresponding period last year.

EXCO INTERNATIONAL: Tan Sri Khoo Teck Puat, the Malaysian businessman who emerged last month as a major shareholder in the financial services group, has bought a further 1m shares, taking his holding to 59.25m shares or 25.3 per cent of Exco's equity. Exco's shares rose 2p yesterday to 227p to value it at £531m. Tan Sri Khoo has been offered two non-executive boardroom seats at Exco. His request for three seats, including the deputy chairmanship and membership of the executive committee, has been turned down.

Company Notices

NOTICE OF REDEMPTION

8½% Sinking Fund Debentures Due February 1st, 1989

HYDRO-QÚEBEC

(FORMERLY QUÉBEC HYDRO-ELECTRIC COMMISSION)

NOTICE IS HEREBY GIVEN that Hydro-Québec intends to and will redeem for SINKING FUND PURPOSES on February 1st, 1986, pursuant to the provisions of the abovementioned Debentures, the following Debentures at 100% of their principal amount plus accrued interest, if any, to the date specified below, namely:

2	10	18	88	119	240	322	367	474	543	609	667
692	755	798	874	925	966	1081	1124	1130	1199	1210	1223
1269	1335	1454	1577	1718	1913	1932	2079	2103	2132	2168	2187
2272	2289	2298	2341	2369	2395	2421	2447	2460	2513	2521	2542
2585	2620	2649	2672	2687	2719	2736	2769	2800	2805	2809	2841
2855	2890	2920	2946	2965	3050	3077	3100	3204	3308	4374	4381
4393	4404	4450	4486	4853	4922	4934	4946	4952	5023	5029	5217
5513	5561	5570	5588	5604	5630	5649	5655	5760	5785	5799	5801
5816	5860	5913	5931	5984	6001	6021	6048	6066	6523	6574	6612
6638	6670	6698	6746	6761	6798	6807	6821	6869	6901	6912	6924
6926	6982	700[illegible]	7222	7249	7290	7361	7395	7402	7417	7442	7452
9455	9470	9483	9503	9520	9539	9561	9594	9602	9625	9648	9661
9687	9708	9732	9745	9767	9799	9801	9815	9869	9873	9894	9911
9936	9960	9991	10013	10040	10092	10120	10148	10195	10201	10222	10261
10290	10319	10342	10360	10398	10402	10410	10418	10431	10440	10447	10459
10466	10475	10483	10492	10500	10511	10523	10540	10558	10568	10574	10586
10600	10608	10619	10634	10648	10659	10672	10690	10699	10711	10720	10733
10750	10759	10771	10789	10798	10802	10813	10824	10835	10846	10858	10867
10888	10894	10907	10916	10923	10939	10945	10977	10983	10996	11005	11012
11022	11032	11041	11077	11085	11098	11103	11114	11131	11143	11150	11167
11175	11183	11191	11209	11217	11244	11262	11280	11293	11309	11316	11337
11348	11361	11379	11404	11411	11423	11439	11461	11475	11486	11508	11517
11523	11639	11649	11657	11663	11670	11721	11725	11906	11915	11921	11942
12685	12693	12699	12711	12723	12735	12742	12754	12766	12774	12790	12803
12818	12836	12850	12867	12881	12896	12908	12913	12924	12939	12956	12987
13007	13019	13031	13044	13060	13072	13086	13111	13137	13152	13184	13199
13206	13211	13225	13241	13272	13295	13308	13413	13421	13435	13454	13460
13473	13484	13499	13503	13516	13534	13546	13550	13557	13568	13584	13597
13609	13621	13636	13641	13659	13668	13679	13690	13701	13716	13728	13736
13745	13761	13779	13793	13801	13815	13834	13849	13857	13871	13884	13887
13904	13912	13920	13927	13934	13946	13952	13961	13968	13983	13998	14005
14013	14024	14040	14057	14069	14083	14097	14106	14115	14123	14131	14143
14156	14169	14176	14187	14200	14259	14335	14387	14470	14531	14596	14606
14665	14715	14782	14821	14890	14956	15011	15086	15131	15187	15225	15259
15333	15497	15560	15598	15602	15695	15754	15812	15871	15909	15953	16014
16056	16104	16191	16206	16281	16325	16445	16533	16595	16617	16661	16733
16796	16807	16897	16941	16985	17016	17067	17101	17171	17210	17253	17323
17354	17421	17436	17468	17547	17652	17698	17759	17794	17809	17847	17911
17964	18013	18059	18114	18189	18224	18291	18330	18387	18403	18462	18497
18564	18606	18639	18682	18757	18821	18893	18958	18992	19003	19059	19096
19111	19187	19199	19208	19242	19282	19365	19410	19444	19489	19562	19631
19714	19763	19779	19806	20051	20094	20125	20176	20297	20308	20341	20393
20411	20498	20532	20590	20601	20649	20687	20939	20984	20996	21002	21023
21086	21165	21214	21270	21302	21376	21415	21492	21518	21561	21619	21687
21758	21792	21825	21881	21916	21969	22020	22061	22121	22185	22217	22268
22330	22381	22418	22469	22526	22588	22603	22659	22761	22787	22811	22867
22938	22971	23003	23062	23176	23192	23205	23291	23333	23369	23432	23498
23556	23590	23622	23666	23711	23764	23803	23857	23919	23977	24015	24316
24371	24389	24402	24443	24491	24577	24612	24737	24779	24796	24811	24842
24916	24957	25003	25036	25049	25187	25239	25313	25351	25416	25478	25514
25575	25663	25731	25779	25798	25833	25885	25923	25987	26018	26063	26140
26182	26234	26274	26311	26368	26437	26541	26613	26702	26786	27152	27245
27361	27473	27649	27761	27890	28038	28294	28365	28489	28561	28666	28859
28986	29052	29181	29276	29361	29399	29417	29594	29599	29630	29665	29698
29741	29802	29865	29876	29999							

Total No. of Debentures = 653

Debentures covering US$1,347,000 have been purchased on the market to satisfy the US$2,000,000 required on the Purchase Fund due February 1st, 1986.

Debentures to be so redeemed will become due and payable and will be paid in lawful money of the United States of America at the office of the Principal Paying Agent, Bank of Montreal, London, England or at any of the offices of the following Paying Agencies: Bank of Montreal Trust Company, New York; Bank of Montreal, Montreal; Kredietbank N.B., Brussels; Westdeutsche Landesbank Girozentrale, Dusseldorf; Commerzbank A.G., Frankfurt; Kredietbank S.A., Luxembourg; S. G. Warburg & Co. Ltd., London; Banque Francaise de Depots et de Titres, Paris, upon presentation and surrender of Debentures bearing the above numbers, together with all coupons maturing after February 1st, 1986 appertaining thereto. All interest coupons appertaining to the above Debentures and maturing subsequent to such date will be void.

Outstanding Drawn Debentures from the February 1st, 1984 drawing:—

686	690	2185	2675	2677	4449	9766	9794	9800
9802	9959	10093	16393	17296	19092	19691	27870	

December 12th, 1985.

HYDRO-QUEBEC

THE ROYAL BANK OF SCOTLAND PLC
(The Issuer)
NOTICE
To the holders of the outstanding US$75,000,000 Floating Rate Capital Notes due 1986 to 1994 of the Issuer (The "Notes") of the Early Redemption on 16th January 1986 of all of the Notes by the Issuer

Notice is hereby given to the holders of the notes that, in accordance with condition 6 (D) of the notes, the issuer will redeem at their principal amount all of the notes then outstanding on the next interest payment date falling on 16th January 1986 (the "redemption date"). Payment of principal will be made on or after the redemption date at the specified office of any of the paying agents listed below, against surrender of notes (which should have all unmatured coupons attached). Coupon No. 26 maturing on 16th January 1986 should be presented for payment in the usual manner.

Interest on the notes will cease to accrue from the date of redemption and all unmatured coupons will become void.

Principal Paying Agent
Kredietbank S.A. Luxembourgeoise
43, Boulevard Royal, Luxembourg

Paying Agents
Credit Commercial de France
103 Avenue des Champs-Elysees
75008 Paris
Kredietbank N.V.
Arenbergstraat 7, B-1000 Brussels
The Royal Bank of Scotland PLC
24 Lombard Street,
London EC3V 9BA
The Royal Bank of Scotland PLC
63 Wall Street, New York
N.Y. 10005
Kredietbank S.A. Luxembourgeoise
Principal Paying Agent

CANADIAN PACIFIC LIMITED
(Incorporated in Canada)

DIVIDEND NOTICE

At a Meeting of the Board of Directors held today, the following dividends were declared:

Ordinary Shares
A final quarterly dividend of twelve cents (12c) Canadian per share on the outstanding Ordinary Shares, payable on January 28, 1986, to holders of record at the close of business on December 27, 1985.

Preference Shares
A final semi-annual dividend of $0.02 per Canadian Dollar Preference Share and 1 pence per Sterling Preference Share on the outstanding Preference Shares in respect of the year 1985, payable on January 28 to holders of record at the close of business on December 27, 1985.

By order of the Board
D. J. DEEGAN, Secretary

Montreal, December 9, 1985.

Contracts and Tenders

PORTSMOUTH NAVAL HERITAGE PROJECT

LEISURE AND TOURISM DEVELOPER/OPERATORS

The project consists of the Mary Rose, HMS Victory, HMS Warrior and the Royal Naval Museum, located within the historic Naval Base, Portsmouth. The Portsmouth Naval Heritage Trust has been formed to promote the highest possible quality of development, visitor management and marketing. At least 1.2 million visitors a year are forecast. To register an interest in this project, please ring

Portsmouth (0705) 861533/ 861512

for your copy of the brochure and developer/operator's brief

CAISSE NATIONALE DES TELECOMMUNICATIONS
Floating Rate Notes Issue of USD 300,000,000 1985-2000

for the period of one month, from December 12, 1985 to January 13, 1986 (32 days) the notes will bear interest rate of 8¼ per cent per annum. The payable interest due January 13, 1986 for each nominal note of US$10,000 will be US$74.44.

J. A. DEVENISH plc

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS RELATIVE to the Company's Ordinary Shares will be closed from 9 January 1986 to the 21 January 1986 (both dates inclusive) for the preparation of Dividend Warrants payable on 23 January 1986.

By Order of the Board,
J. A. LUTHWAITE,
Director and Secretary.

Trinity House,
15 Trinity Street,
Weymouth.
4 December 1985

OFFICIAL NOTICE

Please be advised that the following London Metal Exchange Warrant has been replaced and should now be considered null and void. WARRANT No. 413362, 34 Bundles Aluminium. Brand: IAS 25061 Kilos.
C. Steinweg, Willemskade 20, Rotterdam 2, Netherlands.

PIONEER ELECTRONIC CORPORATION

NOTICE IS HEREBY GIVEN to holders of CDRs issued by Caribbean Depositary Co., N.V., Curacao, evidencing shares in the above company that the company's convocation notice of the 39th ordinary general meeting of shareholders of common stock to be held on December 20, 1985 may be obtained from:
Pierson, Heldring & Pierson N.V.
Herengracht 214
1016 BS AMSTERDAM
and
The Bank of Tokyo Ltd.
established in: Tokyo, Bruxelles, London, Dusseldorf, Paris and New York.
PIERSON, HELDRING & PIERSON N.V.
Amsterdam,
December 6, 1985.

Sarakreek Participations N.V.
(Established at Curacao, Netherlands Antilles)

NOTICE IS HEREBY GIVEN that an interim dividend in respect of the year ending May 31, 1986 amounting to US$0.96 per share was declared on November 29, 1985 and shall be payable as of December 17, 1985 against delivery of coupon number 8 to the offices of J. Henry Schroder Wagg & Co. Limited, Coupons Department, 120 Cheapside, London EC2V 6DS. The dividend on registered shares will be sent by mail to the shareholders.

AMRO TRUST CORPORATION N.V.
Managing Director

UK COMPANY NEWS

Bulmer shows marginal decline

THE ADVERSE shift in exchange rates on its overseas subsidiaries' results is blamed by H. P. Bulmer Holdings for the £0.2m fall in pre-tax profits to £6.97m for the half year ended October 25 1985.

Turnover for this Hereford-based cider maker and wine and spirit wholesaler increased by 12.5 per cent from £75.32m to £84.48m, before excise duty up from £14.7m to £16.27m.

This includes an extra three months of sales from the Red Cheek apple juice business in the US, and the sales of the Percentum fruit juice business in Australia, both of which were acquired in July. Total adverse impact of exchange rates on the results for the overseas drinks division was £0.3m.

The directors are maintaining the interim dividend at 2.24p. Total dividends of 4.9p were paid in 1984-85 when pre-tax profits slumped to £7.52m (£16.09m). For this half, stated earnings per 5p share dropped from 10.87p to 6.5p, mainly due to the increased tax of £2.63m (£560,000). The low tax rate last time was attributable to the acquisition of Red Cheek.

From net sales ahead by £7.59m to £68.21m, operating profit amounted to a higher £9.13m (£8.19m) but interest payments were more than doubled to £2.15m (£1.02m). This increase mainly arises from the cost of servicing the increased borrowings to fund the Red Cheek acquisition for a full half year, together with the funding costs of Percentum.

Mr Esmond Bulmer, the chairman, says interest charges in the second half are expected to be similar to the first, and, commenting on prospects for the year as a whole, believes that the recovery which he forecast for the second half at the annual meeting will come through.

A breakdown of turnover and operating profits for the half year shows: UK cider £45.35m (£45.04m) and £6.95m (£6.42m); wines and other drinks £18.32m (£14.62m) and £0.88m (£0.83m); overseas drinks £15.96m (£10.74m) and £0.75m (£0.64m); pectin £4.86m (£4.91m) and £0.54m (£0.29m).

Mr Bulmer says the disproportionate increases in the duty on cider in recent years continued to take their toll. The UK cider market contracted by over 3 per cent during the year to September, but improved productivity has offset the damaging effect that this represents to the profitability of the group.

The UK cider business operating profit for the first half year shows an 8 per cent increase and an increased level of market development expenditure for Kiri and Orangina.

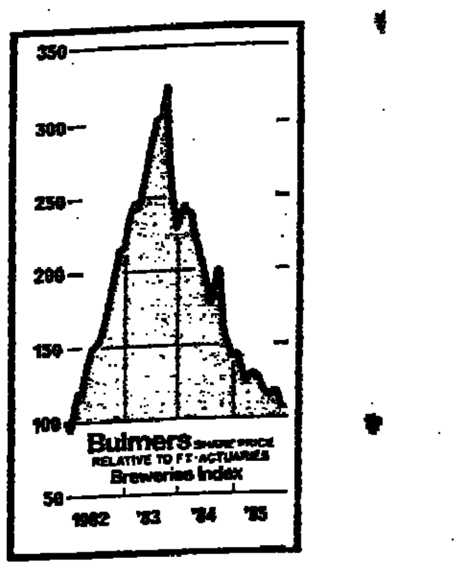
In the UK wines, spirits and other drinks division sales of Domecq sherries have achieved strong growth and an improved share of the very competitive UK sherry market. Both Perrier and Red Stripe continue to achieve strong volume growth.

The pectin division achieved a significant recovery in operating profits, and the chairman expects this to continue into the second half. The group should then also obtain an increased contribution from its new joint venture operation in Brazil.

Cider sales still show the effects of reduced demand but in the second half the full effect of the cost savings of the past 12 months will be obtained, he states. The directors expect UK cider operating profits to achieve an accelerated rate of recovery in the second half and that those from UK wines, spirits and other drinks will also show further growth.

They expect a further improvement in the Australian operating profit, mainly as a result of the Percentum acquisition. The outlook for Red Cheek is more difficult to predict, the chairman says, but the group will continue to invest in the brand in line with its long-term strategy.

This investment, together with the adverse effects of exchange rates, will affect profits growth in the second half, and it seems unlikely that the full year results for the overseas drinks division will show any advance on the 1984-85 figure of £2.45m.



● comment

In common with most of the drinks sector yesterday Bulmer's share price was slipping and sliding although the half time figures were in line with expectations. But even if the group was only caught up in the general decline, it is difficult to be enthusiastic about prospects. Most of Bulmer's profits come from cider and cider sales are locked into a decline which will not halt this year and is unlikely to change in 1986. Dramatic cost cutting has restored profitability after last year's disastrous second half but there is little management can do to improve margins further within the core business. Cutting the advertising budget—by as much as £2m—gives a short term prop to profits even if part of the saving is re-directed to other promotional spending, but the year is not going to produce much more than £12m pre-tax. The p/e at 138p is around 12.3 which is not particularly attractive while the group remains dominated by cider. US and Australian operations are coming along well but the road to internationalising the group will take time and in the interim the glamour image looks irretrievable.

Exceptional items push NSS profits down to £4.5m

PRE-TAX PROFITS, down from £5.81m to £4.52m, are reported by NSS Newsagents for the year to September 29 1985. The downturn resulted from two exceptional items totalling £1.36m.

One amount was a PAYE settlement of £460,000 (which included £10,000 professional fees) following an audit by the Inland Revenue, which lodged a claim for unpaid tax and National Insurance on employee benefits—mainly branch managers' accommodation allowances—for the seven fiscal years to April 5 1985.

A sum of £896,000 was paid for management consultancy carried out by Metra Proudfoot International. The consultancy exercise was carried out in over 500 of the company's branches. The project was substantially completed by September 1985, but the benefits will accrue over several years, state the directors.

Turnover for the year, excluding inter-company transactions and VAT, climbed from £153.53m to £172.96m. Profit on ordinary activities was £5.87m against £5.81m, and this included trading profits up from £5.97m to £6.72m and sale of assets £3,000 higher at £325,000. Interest charges, however, jumped from £848,000 to £1.17m.

After tax of £1.95m (£2.43m), attributable earnings came out at £2.57m compared with £3.38m. There was an extraordinary item, less tax, of £565,000 (£675,000), which represents discontinuation costs, principally stock disposal, where the nature of wholesale businesses has changed. The charge is made below the line and does not affect earnings which were 7.5p (10.1p) basic, and 7.1p (9.3p) diluted.

The final dividend is increased from 2.1p to 2.25p net for a total of 3.6p (3.3p). Dividends absorb £1.32m (£1.23m), leaving retained profits down from £1.48m to £681,000.

● comment

Spending the best part of £1m on management consultancy fees may eventually pay off for NSS Newsagents if the smarter stores, improved staff training and tighter management controls translate into higher profits. In the meantime, however, it has done nothing for this latest set of results which show a meagre improvement in trading profits reversed by higher interest charges and a whole series of extraordinary items. It is difficult to feel too excited about NSS's prospects, as it makes almost all its money in non-growth areas. Wynd-up Records, while in a better market, has been a problem for years, and is only now producing profits after a heavy programme of cut-backs. The share price, which has been in retreat from the year's high of 130p to yesterday's price of 98p, now holds out little hope of improved growth prospects. Assuming pre-tax profits of £6m this year, the prospective p/e is 8.

Yellowhammer on line as interim profits rise 58%

Yellowhammer, the advertising agency which came to the USM in July, is on line to meet its profit forecast of £1.15m for the year after raising interim profits by 58 per cent from £392,000 to £620,000.

Mr Jon Summerill, chairman and managing director, says billings in the period increased by 33 per cent from £9.40m to £12.46m and the growth is continuing in the second half. Business won recently is worth more than £7m in annual total billings. New clients include Formica, SGB Group, Haymarket Publishing and Lee Jeans.

Both Yellowhammer Advertising, the principal subsidiary, and the Domino Art Studio increased their profit contributions compared with last year.

Earnings per share in the period more than doubled from 1.6p to 3.3p. As indicated in the placing document, the directors are declaring an interim dividend of 0.6p per ordinary share.

Mr Summerill says the group's philosophy has also been to increase its business by organic growth and this has been achieved with al major existing clients. Satisfactory progress is being made and he looks forward with confidence to the outcome for the full year.

Cheshire Wholefoods on target

Just a month after gaining a USM quotation, **Cheshire Wholefoods**, the Chester-based manufacturer and distributor of natural food products, reports increased profits for the six months to September 30 1985.

The pre-tax figure is up from £161,000 to £280,000 on turnover of £3.2m compared with £2.13m.

The directors say current trading is satisfactory, and a new product launched during the course of October last has achieved an acceptable volume of sales

They are confident, therefore, that the forecast of profits of £550,000 for the year to March 31 1986 will be achieved.

BASE LENDING RATES

ABN Bank	11½%	■ Guinness Mahon	11½%
Allied Dunbar & Co.	11½%	■ Hambros Bank	11½%
Allied Irish Bank	11½%	Heritable & Gen. Trust	11½%
American Express Bk.	11½%	■ Hill Samuel	§11½%
Amro Bank	11½%	C. Hoare & Co.	11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Associates Cap. Corp.	12 %	Johnson Matthey Bkrs.	11½%
Banco de Bilbao	11½%	Knowsley & Co. Ltd.	12 %
Bank Hapoalim	11½%	Lloyds Bank	11½%
Bank Leumi (UK)	11½%	Edward Manson & Co.	12½%
BCCI	11½%	Meghraj & Sons Ltd.	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11½%
Brit. Bank of Mid East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd.	12½%
Cayzer Ltd.	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Citibank NA	11½%	Royal Trust Co. Canada	11½%
Citibank Savings	¶12½%	Standard Chartered	‖11½%
City Merchants Bank	11½%	TCB	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co. Ltd.	12 %	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	11½%
Continental Trust Ltd.	11½%	Whiteaway Laidlaw	12 %
Co-operative Bank	*11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptrs.	12½%		
Grindlays Bank	‡11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8.00% gross.
‖ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
§ Demand dep. 8%. Mortgage 13%.

Tex Holdings profits up 22% midway

AFTER SIX months of considerable change at **Tex Holdings**, including a name change from Tex Abrasives, the group has increased pre-tax profits by 22 per cent from £167,000 to £203,000.

Earnings per share in the half-year to September 30, 1985, rose from 3.9p to 5.5p. In view of this and the continuing prospects for the second half, the interim dividend is being doubled to 1.5p per ordinary share and the final is expected to be not less than last year's 2.75p.

Turnover in the period under review increased from £2.88m to £3.43m. This included £1.31m from the BSP business which was acquired in July. Sales from retained abrasives business were £1.02m (profit £82,000) and from activities sold to Hermes Abrasives of West Germany £1.12m (profit £66,000).

Mr A. R. Burrows, chairman, says BSP, manufacturer of spiral weld tube, has been successfully introduced into the business and will adequately replace the loss of profits from the sale of the industrial abrasives business.

The loss-making Irish subsidiary has been closed.

The remaining businesses have been relocated and merged with encouraging results, he says, due to the greater concentration of sales effort in marketing abrasives, tools and accessories to the motor refinishing and woodwork trades.

As a result of the changes, the management has been able to eliminate all borowings, placing it in a good position to take advantage of any acquisition opportunities.

Second half profits are expected to maintain the progress of the first half as both subsidiaries have begun the period well.

Marling sees further growth

Continued growth, which should gather pace with its geographical expansion, is reported by **Marling Industries**, manufacturer of industrial textiles and safety products.

Group sales rose by £6.4m to £18.75m, and pre-tax profits increased from £889,000 to £1.10m in the six months to September 30 1985. Share of profits of associates were up from £26,000 to £89,000.

The interim dividend is raised from 0.6p to 0.7p — last year's total was 1.5p from pre-tax profits of £2m.

Mr Louis Courts, the chairman, says a lot of effort has been made during the past months to reduce borrowings and working capital investment, and he believes that the balance sheet at March 31 1986 will show a greatly improved position.

Marling has acquired a 50 per cent interest in Iberica de Slings with effect from January 1 1986.

HILLSDOWN HOLDINGS has received aceptances in respect of 12.47m ordinary shares, or 90.96 per cent, of Walker and Homer. The unconditional offer remains open for acceptances.

LADBROKE INDEX
1,107-1,111 (−7)
Based on FT Index
Tel: 01-427 4411

CHARTER
Charter Consolidated P.L.C.

Half Yearly Report to 30 September 1985

Points from the Statement by the Chairman, Mr. J.O. Hambro, and Chief Executive, Mr. J.N. Clarke.

Charter's profit attributable to shareholders for the six months to 30 September 1985 rose by 69 per cent to £7.6 million (7.3p per share) from £4.5 million (4.3p per share). Profit before tax increased by 31 per cent to £11.1 million. Last year's profit before tax of £8.5 million included £1.2 million of profits for the quarter to 31 March 1984 in respect of certain operating companies which changed their year end from 31 December to 31 March.

Outlook and Dividend

Charter's financial position remains strong and profits of the operating companies are expected to increase in the second half. The board has decided to declare an unchanged dividend of 3.75p per share.

Highlights of the consolidated profit and loss account (unaudited).

	Half Year to 30.9.1985 £000	Half Year to 30.9.1984 £000	Year to 31.3.1985 £000
Profit on ordinary activities before taxation	11,124	8,480	16,520
Profit attributable to Charter	7,635	4,511	10,542
Earnings per share	7.3p	4.3p	10.0p
Dividend per share	3.75p	3.75p	11.0p

Copies of the Half Yearly Report are available from the Company Secretary, 40 Holborn Viaduct, London EC1P 1AJ.

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UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); *retail sales value (1980=100)*; registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1984							
4th qtr.	103.5	101.3	105	112.7	164.0	3,103	153.9
1985							
1st qtr.	106.0	102.7	104	113.3	133.9	3,138	153.6
2nd qtr.	108.3	103.5	108	115.0	141.4	3,174	161.7
3rd qtr.	107.9	103.0		116.4	145.2	3,179	164.4
March	107.1	103.5	103	113.9	136.5	3,147	156.1
April	108.1	103.3	100	113.5	140.3	3,176	161.0
May	108.4	102.7	108	115.3	142.0	3,177	160.7
June	108.3	104.5	116	116.0	141.8	3,169	163.4
July	107.2	102.4	100	116.0	146.9	3,175	163.0
August	107.5	103.4	107	117.5	145.4	3,183	162.9
September	109.1	103.2		115.9	143.7	3,179	167.3
October				114.1	149.7	3,173	172.6
November				117.1		3,165	170.0

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg starts*
1984							
3rd qtr.	102.1	97.4	104.8	100.2	109.5	98.1	16.2
4th qtr.	102.5	98.6	106.2	100.0	106.0	99.3	13.3
1985							
1st qtr.	102.7	102.1	109.2	103.1	111.0	99.0	13.8
2nd qtr.	102.2	103.5	113.4	104.4	119.6	99.0	18.6
3rd qtr.	102.8	102.8	112.9	103.5	119.2	101.9	17.1
March	103.0	103.9	110.4	104.0	114.0	100.0	16.6
April	101.9	103.1	113.4	104.0	118.0	99.0	17.9
May	101.3	102.9	114.3	104.0	120.0	98.0	19.9
June	103.5	104.5	112.4	105.0	121.0	101.0	17.9
July	101.7	101.9	112.2	102.0	120.0	100.0	18.4
August	103.5	103.0	111.8	104.0	121.0	103.0	15.5
September	103.1	103.4	114.6	104.0	117.0	103.0	17.4
October							20.2

EXTERNAL TRADE—Indices of export and import volume *(1980=100)*; viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); excluding reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1984							
4th qtr.	119.7	129.1	−1,313	+424	+1,468	96.6	15.52
1985							
1st qtr.	120.5	128.5	−1,283	−535	+1,862	96.5	13.53
2nd qtr.	120.6	126.0	−222	+1,183	+2,368	98.2	14.32
3rd qtr.	115.0	123.1	−150	+250	+2,042	100.6	14.18
March	119.6	136.8	−977	−704	+260	96.5	13.53
April	121.8	130.2	−259	+210	+687	97.3	14.03
May	121.7	121.0	+252	+721	+838	98.3	13.98
June	118.4	126.9	−216	+252	+843	99.1	14.32
July	117.0	123.0	− 77	+323	+663	99.4	14.26
August	113.4	123.3	−236	+164	+626	101.3	14.26
September	114.6	124.7	−230	+170	+644	101.1	14.18
October	119.1	125.7	0	+400	+760	101.2	16.31
November							15.98

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advances %	BS inflow £m	HP lending £m	Base rate %
1984							
4th qtr.	9.6	24.3	13.4	16.9	2,492	2,946	9.63
1985							
1st qtr.	2.2	0.7	9.1	15.2	1,511	3,146	13.50
2nd qtr.	5.1	32.4	20.4	19.2	1,523	3,064	12.50
3rd qtr.	5.5	15.4	11.6	17.5	1,771	3,380	11.50
March	− 1.3	− 1.2	9.2	16.0	214	965	13.50
April	5.4	22.2	18.8	19.5	507	1,061	12.63
May	4.2	33.2	18.4	17.7	615	1,042	12.63
June	5.7	44.6	25.1	20.2	401	961	12.50
July	4.4	19.1	8.3	16.8	650	1,129	11.50
August	2.4	22.9	14.4	21.8	524	1,126	11.50
September	1.1	5.2	12.3	14.1	597	1,125	11.50
October	− 1.5	24.9	19.4	18.7	796	1,147	11.50

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); *retail prices and food prices* (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1984							
4th qtr.	164.1	140.1	134.3	358.3	326.8	289.64	74.1
1985							
1st qtr.	165.4	146.2	136.6	362.9	332.8	295.22	72.0
2nd qtr.	170.3	138.8	139.4	375.3	339.4	278.13	78.9
3rd qtr.		133.1	140.2	376.3	335.5	251.12	82.2
February	164.6	147.6	136.6	362.7	332.5	295.73	71.3
April	169.4	140.8	139.2	373.9	338.8	295.08	78.0
May	169.4	138.8	139.5	375.6	339.3	279.98	78.7
June	171.9	136.7	139.6	376.4	340.1	278.12	79.9
July	173.7	133.9	139.9	375.7	335.3	259.51	83.6
August	173.4	132.8	140.1	376.7	335.3	254.34	81.6
September	176.0	132.7	140.5	376.5	335.8	251.12	81.4
October		131.3	140.8	377.1	335.5	249.46	80.4
November		131.9	141.4				80.0

* Not seasonally adjusted.

UK COMPANIES

Tunstall Telecom lifts annual profits 61% to over £4m

Tunstall Telecom Group, maker of emergency communications for the elderly, has reported a successful year in its first annual *accounts since coming to the* stock market. It raised pre-tax profits in the 12 months to September 30 1985 by 61 per cent from £2.53m to £4.07m on turnover up 29 per cent from £16.32m to £21.06m.

The comparable figures for last year have been restated to include the results of Munford & White, an alarms producer acquired in October 1984.

The group is confident of further expansion this year based *on its policy of developing new* products on which it spent £750,000 last year together with £150,000 on developing new markets.

The group's main subsidiary, Tunstal Telecom, operates in the *public sector where it claims to* have maintained its position as market leader in specialist communications systems despite cuts in local authority spending.

It is developing products to help it fulfil its aim of entering *the private sector which it sees* as having great growth potential. It intends to make an announcement related to this early next year.

Tunstall says two products introduced in May stimulated *interest in dispersed alarms. The* number of Piper Network Controllers installed rose by 24 to a total of 100 and further expansion is expected this year.

The Munford & White subsidiary is now trading profitably, the group says, *after a disappointing* first year's trading within the group and the new management is well established.

Its share of the competitive alarm market has been maintained and through aggressive marketing and product development. A new range of control panels is being introduced early next year to meet identified *changes in demand.*

The group predicts growth this year from its traditional markets and *contributions from new* activities.

It is recommending that the *final dividend is raised to 0.95p,* making 1.65p (1.4p) for the year.

● comment

Installing emergency communications *systems* in old folk's council houses has brought strong profits growth for Tunstall Telecom in spite of public spending cuts. *Apparently local* authorities are persuaded that it saves them money in the long *run by keeping the infirm* in their own homes and out of expensive-to-run institutional ones. The current year, however, sees Tunstall breaking new ground with its plans to market these systems to the 6.5m potential *customers in the private* sector, starting with a trial project in the Television South area. The Piper system is a new concept to people outside the public sector and there is inevitably a degree of uncertainty over *how quickly it is going* to catch on. It will also bring start-up costs of perhaps £1.5m which will only partially be offset by a (belated) profits contribution of about £250,000 from Munford & White. For this year, then, a *slowdown in profits growth to* about £4.8m is in prospect, putting the shares, up 10p at 200p, on a prospective p/e ratio of 11 after a 42 per cent tax charge. The rating looks realistic.

Baggeridge boosts profit with clay pit disposal

Baggeridge Brick, the Dudley-based construction materials supplier, showed a 9 per cent improvement in taxable profits in the year to September 30 1985, but an extraordinary credit — profit on the sale of a worked-out clay pit — left the company with a 22 per cent increase in profit on the bottom line.

The dividend is raised from 6.25p to 6.88p with a final of 4.63p (4.38p), covered by earnings per share at 27.97p (23.7p).

At the pre-tax level, profits came to £1.75m against £1.6m on turnover up from £8.78m to *£9.54m. After tax at £631,854* (£647,650), the extraordinary credit of £230,105 (£149,087) pushed profits to £1.35m (£1.1m).

The directors say that all three works improved their performance over last year with Kingsbury, *in particular, starting* to make a considerable contribution to profits.

Natural gas has now been installed *at all the company's* works. The impact of this on the profitability of the Hartlebury works wil take effect in the next financial year, they say.

Several of the company's senior executives have either just reached or are close to retirement age and new appointments have been made "to ensure the continuation of a strong management team," under the leadership of Mr A. M. Baxter, the new managing director.

The company has entered the current year with confidence, *say the directors. The new factory* under construction at Hartlebury is scheduled for completion in the summer of 1986, and it will be equipped with the latest automated machinery and tunnel kiln, and will *increase substantially the company's* facing brick production for the housing market.

Deritend soars by 65% at halfway stage

A 65 per cent increase from £427,000 to £704,000 in pre-tax profits was achieved by **Deritend Stamping** in the six months to *August 31 1985. Turnover increased* by 13 per cent from £17.66m to £19.97m.

Mr D. J. Mead, chairman, says the outlook for the second six months is promising and the profits are expected to exceed those recorded in the first half. On the basis of the improvement, the board has declared an interim dividend of 2.4p against 2.2p which will absorb £127,000 (£116,000).

Plastics help Braithwaite to trim losses

With its plastics recycling division returing to the black with profits of £100,416 against losses of £54,186, **Braithewaite Group** trimmed its pre-tax losses from £217,976 to £155,515 in the six months to September 30 1985.

Engineering losses were up from £23,800 to £78,629, but there was a profit of £51,800 (£43,406) on properties. The profit on continuing businesses was *£73,667 against losses of £34,580.* There were losses of £229,182 (£183,396) on a discontinued activity.

The interim dividend is being omitted against a payment of 4p last time and a total of 9.1p for the year. *The stated loss per £1* share is 5.6p (7.9).

There is an estimated extraordinary debit of £800,000 which includes the *estimated* costs of redundancies and losses on stock and plant disposals as a consequence *of the board's decision* to withdraw from the structural steelwork market.

Braithwaite Plastics achieved a record half-year, and Braithwaite Investment's results were above forecast following rent reviews in two of the properties. Sales will be made to reduce group borrowings and sale of the *Maidenhead* property to the tenant was completed at £412,000 earlier this month. Further sales are being negotiated.

Meanwhile, structural steelwork market conditions continued to be depressed and the decision to withdraw from that market was taken in early October. A further critical review of the tank business is in hand in order to restore profitability.

Electronic Data profits on target

IN LINE with the forecast made in the September prospectus, taxable profits of **Electronic Data Processing**, USM-quoted computer concern, amounted to £604,000 for the year ended September *30*, *1985*, compared with a previous £331,000.

In the company's prospectus — *for a placing of* 1.92m 5p shares at 75p each — the directors said that profits would be not less than £585,000 for the year.

A special single dividend payment of 0.38p was paid in October and, as forecast, no further distribution is proposed in respect of 1984-85.

Turnover for the 12 months expanded from £3.03m to £4.91m. After a tax charge of £267,000, compared with £152,000, earnings are shown as £337,000 (£179,000) or 6.84p (3.64p) per share.

Zambia Consolidated Copper Mines Limited and its subsidiary companies

Operating and Financial Results for Quarter ended 30 September 1985

	Quarters ended 30 September 1985	1984	Six months ended 30 September 1985	1984
Production (tonnes)				
Copper	118 175	142 530	238 151	265 053
Cobalt	1 211	758	2 078	1 831
Lead	2 379	2 410	4 083	6 153
Zinc	5 850	8 644	10 794	18 335
Sales (tonnes)				
Copper	169 183	149 677	338 837	284 941
Cobalt	1 080	760	2 056	1 287
Lead	2 164	2 591	3 838	6 274
Zinc	5 250	9 064	10 095	16 734
Average Realisations (Kwacha per tonne)				
Copper	3 299	2 599	3 398	2 579
Cobalt	53 448	41 687	53 657	38 622
Lead	977	835	971	802
Zinc	1 880	1 732	2 071	1 740

Consolidated Profit and Loss Account (Unaudited and Condensed)

	Km	Km (Restated)	Km	Km (Restated)
Sales	639.9	448.7	1 309.4	841.2
Cost of Sales	609.8	369.4	1 194.1	692.3
Profit on Sales	30.1	79.3	115.3	148.9
Exchange Loss	(18.0)	(19.3)	(47.6)	(36.9)
Interest Receivable	0.9	0.8	3.0	1.8
Interest Payable	(36.6)	(35.6)	(76.7)	(68.5)
(Loss)/Profit before taxation	(23.6)	25.2	(6.0)	45.3
Taxation Payable				
—Mineral Export Tax	(43.3)	(38.2)	(88.9)	(60.9)
—Equity Levy	—	—	(0.1)	—
—Income Tax	(0.7)	(0.5)	(0.9)	(1.0)
Net Loss	(67.6)	(13.5)	(95.9)	(16.6)
Loss per Share	K(0.75)	K(0.15)	K(1.07)	K(0.18)

NOTES:

(1) The financial summaries are presented in Kwacha, the currency of Zambia.

(2) In some respects the accounting principles adopted by the group differ from those used in the United States of America. The group's Annual Report Form 20-F to the Securities and Exchange Commission describes the major differences.

(3) At 30 September 1985, the exchange rates were K1 = US$0.448 and K1 = £0.318 and on 2 December 1985, K1 = US$0.173 and K1 = £0.117.

QUARTERLY REVIEW

Copper production for the quarter ended 30 September 1985, at 118 175 tonnes, was 24 355 tonnes lower than the 142 530 tonnes achieved in the corresponding quarter of 1984. The lower output was attributable to the continuing shortages of spare parts and consumables. Copper sales, at 169 183 tonnes, were 19 506 *tonnes higher than the sales of the September 1984* quarter. Copper sales included metal bought-in and delivered to the group's customers by its associated company, Memaco Trading Limited. The average sales realisation on copper, at K3 299 per tonne for the quarter, was 27 per cent higher than the K2 599 per tonne obtained for the same period of 1984.

Cobalt production, at 1 211 tonnes, was 60 per cent higher *than the production in* the same quarter of 1984. Sales of cobalt, at 1 080 tonnes, were 42 per cent higher than the 760 tonnes sold in the corresponding period of 1984. The average sales realisation for cobalt, at K53 448 per tonne, was significantly higher than the K41 667 per tonne realised in the September quarter of 1984.

Production of lead, at 2 379 tonnes, was marginally lower than the 2 410 *tonnes produced in the same period of 1984.* Zinc production of 5 850 tonnes, however, was 32 per cent lower than production in the corresponding quarter of 1984. Lead and zinc sales of 2 164 tonnes and 5 250 tonnes, respectively, were also lower than the 2 591 tonnes and 9 064 tonnes, respectively, achieved in the September 1984 quarter.

Total sales revenue for the quarter was K639.9 *million*, an *increase of 43 per cent over the K448.7 million for the* corresponding quarter of 1984.

The group recorded a profit on metal trading of K30.1 million for the quarter, against a profit of K79.3 million in the quarter ended 30 September 1984.

After taking into account net interest of K35.7 million, an exchange loss of K18.0 million and mineral export tax *amounting to K44.0 million*, the group incurred a net loss of K67.6 million, for the quarter, compared with a net loss of K13.5 million recorded during the same period of 1984.

For the six months to 30 September 1985, the group incurred a net loss of K95.9 million compared with a net loss of K16.6 million recorded in the corresponding period of 1984.

During the quarter, the exchange rate of the Kwacha moved from K1 = US$0.416 and K1 = £0.323 at 30 June 1985 to K1 = $0.448 and K1 = £0.318 at 30 September 1985. This represented an appreciation of 7.7 per cent against the dollar and a depreciation of 1.5 per cent against sterling.

With effect from 4 October 1985, the Zambian Kwacha was delinked from external currencies. The value of the Kwacha, in relation *to foreign currencies*, is now determined at a weekly auctioning of amounts of United States dollars. Following the introduction of this scheme, there has been a *steep depreciation in the value of the Kwacha in relation to* foreign currencies. However, in view of the considerable weekly fluctuation in the value of the Kwacha, it is difficult, at this stage, to accurately assess the long-term impact of the new system on the group's operations and on the financial results. The general effect of this move should be beneficial to the group, which exports almost its entire production, but *this is subject to the broader economic environment within* which the group operates.

The Board of Directors has not declared a dividend in respect *of the quarter ended 30 September 1985.*

PUBLIC WORKS LOAN BOARD RATES

Effective December 11

Years	Quota loans repaid by EIP†	A‡	at maturity§	Non-quota loans A* repaid by EIP†	A‡	at maturity§
1	—	—	11¼	—	—	12¼
Over 1, up to 2	11½	11⅜	11⅜	12⅛	12⅛	12
Over 2, up to 3	11⅝	11½	11⅜	12⅛	12⅛	11⅞
Over 3, up to 4	11¼	11¼	11¼	12⅛	12⅛	11⅞
Over 4, up to 5	11¼	11½	11½	12¼	12¼	11⅞
Over 5, up to 6	11⅜	11⅜	11⅜	11⅞	11⅞	11⅞
Over 6, up to 7	11½	11⅜	11⅜	11⅞	11⅞	11⅞
Over 7, up to 8	11⅜	11½	11⅛	11⅞	11⅞	11⅞
Over 8, up to 9	11⅜	11⅛	11	11⅞	11⅞	11⅞
Over 9, up to 10	11⅜	11⅛	11	11⅞	11⅞	11⅜
Over 10, up to 15	11⅛	11	10⅞	11⅞	11⅜	11⅜
Over 15, up to 25	10⅞	10⅞	10⅞	11⅞	11⅛	11
Over 25	10⅞	10⅞	10⅞	11⅛	11	11

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Accountancy Appointments

HEAD OF FINANCE

LARGE SOLICITORS, PRACTICE

Based in Victoria, London, this is a new position responding to the growth and business objectives of this 70-strong practice.

The purpose of this appointment is to manage and develop the administration and finance functions making an increasing contribution to the continuing and balanced growth of the practice.

Acting as Partnership Secretary and at partner level, the successful applicant will be a Chartered Accountant who can relate easily with all the partners in a highly professional environment.

An attractive and flexible remuneration package of c£20k is offered.

Please write in complete confidence to Robert E. Pint, FCA, MBA

Tanstead Associates Ltd

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West End House
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FINANCE DIRECTOR

(designate)

West Yorkshire **£18,000-£20,000 + car etc.**

Our client is an established merchanting and manufacturing group whose record of growth since its inception five years ago has been enviable. The company has vigorous plans for future growth both organic and through acquisition.

The Finance Director will be a dynamic, technically strong qualified accountant who will ensure the company's continuing success by effective management of the financial and administrative function. As a key member of the top management team, it is expected that the successful candidate will have commercial acumen and a sound business background.

This is an excellent opportunity for a candidate aged around 30 who is seeking a first directorship and is looking for a long term career commitment.

Apply in the first instance to Brian R. C. Daniels, (Managing Director), Daniels Bates Partnership Ltd., quoting ref: 85/1853 FT..

Daniels Bates Partnership

Daniels Bates Partnership Ltd., Josephs Well, Hanover Walk, Park Lane, Leeds LS3 1AB. Tel: (0532) 461671 (5 lines 24 hours).

PROFESSIONAL RECRUITMENT

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Eastern Home Counties

To head-up the computer audit and inspection function of one of the UK's leading financial service companies, which has very extensive operations.

The position arises through internal promotion and reports to the chief executive. It entails leading a specialist team of audit staff in ensuring that internal controls are efficient and effective for operations that employ large and advanced computer systems.

As a member of senior management, the appointee must be capable of evaluating both control requirements and the quality of business operations, as well as developing the company's audit strategy.

Applicants should be qualified accountants, who can demonstrate considerable depth of experience in computer auditing, and in the exercise of management skills, in large scale environments.

Remuneration: c.£23,000 plus car, subsidised mortgage and other usual financial sector benefits.

Please write in confidence, enclosing career details and quoting reference 1759/L to:
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London EC4V 3PD.

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Managing Director
ROBERT ASHBY & COMPANY
01-229 3970

International Appointments

CORRECTION

HOUSING DEVELOPMENT BOARD

REPUBLIC OF SINGAPORE

Would readers please note that the salaries in the above advertisement which appeared on Thursday, December 5, should have been Singapore Dollars and not Pounds(£)

We apologise for any inconvenience caused

Christmas Crackers!

A new year, a new career. Now is the time to start thinking about what 1986 could mean for you, your family and future. Michael Page International is currently able to offer not only sound career guidance, but also a large number of major career opportunities throughout Germany.

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Dynamic and hardworking 28-35 year old certified or chartered accountant or equivalent. The candidate will have responsibility for all areas of corporate accounting procedure and speak excellent German and English.

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A highly experienced, qualified accountant with a wide and varied exposure to the finance and management fields. 30-40 years old with a desire to move into a General Manager's role within 12 months. German not essential.

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R.S.V.P. These represent just two of the numerous positions that we are currently dealing with. For further information on how **Michael Page International** could assist you, contact **James Dick** on **London 831 0431** or write, sending a current C.V. to **39/41 Parker Street, London WC2B 5LH,** quoting ref. 1093.

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Middle East **£ excellent negotiable package**

Our client is a well established contracting and construction group with a strong presence in the Middle East. An Accountant is required for one of its major operations in that area.

The person appointed will assume responsibility for the complete accounting function in the area, with a particular emphasis on the production of monthly management accounts and half-yearly financial statements.

Candidates should be qualified accountants, aged 35-45, and familiar with mini or micro-based computer systems. An assured, mature and adaptable personality is needed who will gain the confidence of Directors and who will also be acceptable on the construction site.

Previous experience in the construction industry is essential and prior knowledge of the region would be a definite advantage.

The remuneration package is negotiable but will include a generous tax-free salary and full expatriate benefits. The appointment will initially be on a 2 or 3 year contract basis and may be single or married status.

Please reply in confidence, enclosing career details and quoting reference 5452/2/L to Valerie Fairbank, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

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Public Relations Coordinator

KMG Klynveld Main Goerdeler, the international accounting and consulting group, is looking for an energetic European national to be based in its Executive Office in Amsterdam:

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This is a new position and offers an exciting challenge to the right candidate. Applicants should have several years experience in a public relations position together with some marketing background. International experience would be an asset as would fluency in French and German. Fluency in English is an absolute must. Preference will be given to those candidates with knowlegde of the accountancy/financial services fields. Attractive salary, benefits and excellent potential for advancement are offered.

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Executive Office
P.O. Box 7259
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Telephone: 31 (20) 42 42 45

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- ★ Treasury and legal aspects

Candidates should be qualified accountants, preferably graduates, with a minimum of 5 years' post qualification experience and be able to speak Spanish.

The salary package will include a car, paid home leave, and the possibility of equity participation.

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Financial Times
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Generous salary and other benefits will be negotiable.

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London EC2M 1JH

Financial Economist

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British Arabian Technical Co-operation (BATC) is a British Government organisation set up as a vehicle for Government to Government co-operation with countries of the Arabian Peninsula.

We are currently seeking to appoint an experienced Financial Economist to work within the National Planning Division of the Ministry of Planning in Riyadh.

The task is to advise on all matters pertaining to the national economy and related to financial and monetary policies. This will include analysing the structure of the financial sector in the Kingdom, analysing the Government Budget Structure, formulating and implementing transfer payments and subsidies.

Candidates should hold a Ph.D in Financial Economics with 5 years' relevant professional experience or a Masters Degree with 10 years' experience.

The contracts are with BATC on a two year renewable accompanied or unaccompanied basis. One of the best benefit packages in the Middle East is combined with an attractive tax free salary for this challenging appointment.

For further information and an application form, please write quoting Ref: BA/170, to: Stephen Jones, Recruitment Manager, BATC, 12/18 Grosvenor Gardens, London, SW1W 0DZ.

British Arabian Technical Co-operation

Part of the British Technology Group

بكتذامن الاكحل

BUSINESS LAW

EARLIER THIS week, the lawyers of the Department of Economic Development in the Northern Ireland Office prepared a brief for the Federal District Court in New York, arguing that their $270m claim against Arthur Andersen should be considered under the Racketeer Influenced and Corrupt Organisation Act (Rico). The action *brought on February* 15 1985 is a complaint alleging failure of Arthur Andersen to discover misconduct by De Lorean the motor car company whose business it was auditing.

Surprising though it sounds, the Rico statute is *now being frequently* used in the US to obtain treble damages from negligent professionals and business partners for behaviour not normally considered criminal.

An insurance company, for example, which denies liability in respect of in*accurate applications, is being* sued for conducting an illicit scheme to avoid its obligations. In this article a Chicago lawyer explains the Rico anomaly.

A. H. Hermann

A costly ricochet in the US

BY LEO HERZEL

Legitimate businesses, whom one might think of as potential victims of racketeering can be *sued under the Rico statute as* interpreted by the federal courts. This astonishing, illogical outcome is reached in what appears to be a fairly reasonable, logical sequence of steps.

Rico was enacted in 1970 to deal with the penetration of legitimate business by organised criminals. The key con*cepts in the statute are* "racketeering activity" and "pattern of racketeering activity," which is defined as any act chargeable under several state and federal criminal laws such as extortion, bribery, mail and wire fraud and offences involving bankruptcy or securities fraud. A "pattern" of racketeering *activity consists of* two or more instances.

The statute makes it unlawful to use income derived from a pattern of racketeering activity to acquire or operate an interstate business; to acquire or maintain an interest in an interstate business through a pattern of racketeering activity; to conduct or par*ticipate in the conduct of an* interstate business through a pattern of racketeering activity; and to conspire to violate any of these provisions.

So far, it sounds quite logical. But an example will illustrate what has gone wrong. Company A offers stock to the public and issues a prospectus for that purpose. Stockholder B buys some stock; the price of the stock goes down; and unhappy Stockholder B sees a lawyer.

The lawyer looks over the prospectus and finds what he thinks is a material mis*statement of fact. After a* further search, the lawyer finds the same mis-statement in a proxy statement mailed by Company A to its stockholders. Those mis-statements (if that is what they are) violate the federal securities laws, probably some state securities laws and possibly also the mail fraud statute. The lawyer then decides to add to his complaint a count under Rico, alleging a pattern of racketeering activity.

This may seem to be nonsense. Company A has not been convicted of any crimes under those statutes. But, surprising as it may seem, courts have held that Company A does not have to be convicted of any crime before it can be sued for a violation of Rico in civil courts. Nor is it necessary for Company A to have been charged with those crimes or to have lost some civil cases involving the same or similar violations of law.

Some courts have held it is enough just to allege (and prove, if the case should ever reach that stage) the violations that are being complained of. Suddenly, by magic, what appears to be an ordinary securities case *involving an* allegation of misrepresentation in a prospectus has become a Rico case involving a pattern of racketeering activity.

To make maters worse, Rico gives a successful plaintiff treble damages plus attorney's fees which come out of the defendant's pocket.

American law is inclined to *provide execessive incentives* for litigation. Even so, treble damages and the additional award of attorney's fees to plaintiffs are highly unusual. They are intended as incentives to private plaintiffs to enforce *the law and they may be* necessary to encourage actions against the Mafia. However, the right to bring a civil suit under Rico and its extraordinary damage provisions were passed with little debate in either House of Congress—hence the great latitude the courts have in interpreting them.

The sinister sound of a Rico violation puts defendants under severe pressure to settle. To increase that pressure, individual directors and officers of a defendant company are sometimes also made defendants in the case. Auditors, investment bankers and other providers of services connected with the transaction are often also joined as defendants. Whether the defendant is guilty or innocent, the punishment is unavoidable; even a settlement *might brand the company* and the other defendants as racketeers.

Combined with other encouragements for litigation in the US, such as the class action procedure, the right to a jury trial in civil litigation and the right to very extensive discovery (which a Rico claim increases) the incentive to bring Rico cases becomes very great.

An American Bar Association report traces the rapid rise of Rico litigation. Of 270 federal district court Rico decisions made by the end of 1984, only 3 per cent were decided during *the 1970s, 2 per cent* in 1980, 7 per cent in 1981, 13 per cent in 1982, 33 per cent in 1983 and 43 per cent in 1984. Apparently, the statute's potential for plaintiffs was not obvious at first. Of those 270 decisions, 40 per cent involved securities fraud, 37 per cent common law fraud in a commercial or business setting and only 9 per cent allegations of *criminal activity* that one would usually associate with "organised criminals" and "racketeering." These statistics indicate the rise but not the size of the problem, as they include only decided cases and *not the much greater number* of cases which were settled or are still pending.

The US Supreme Court dealt recently with two Rico cases. One was a commercial dispute arising out of a joint venture *between a Belgian and a US* company. The Belgian company brought an action in a US federal court for breach of contract and breach of fiduciary duty, and in addition charged the US company and two of its officers *with a violation of Rico*, alleging two acts of mail and wire fraud and conspiracy.

The second case was a suit against a large bank and several of its officers in which the plaintiff alleged that the bank had *fraudulently charged* it excessive interest rates on loans. The heart of the claim was that the bank had lied about its prime rate and that, therefore, the rate it charged the plaintiff was too high. The *complaint alleged mail fraud* and a pattern of racketeering activity in violation of Rico.

Some lower courts had accepted that Rico claims could be brought only if there was a previous conviction for criminal acts. They also required a special element of injury-racketeering or racketeering enterprise injury.

Surprisingly, by a majority of five to four, the Supreme Court took the view that the require*ment of prior criminal convic*tion had no clear support in the language of the statute and that it might produce results which did not make sense. As to the requirement of some special element of racketeering injury, the court found that without a *clear* support in the language of the statute the issue would have to be tested in many more cases *before it could* have been resolved by the courts.

Although the statute was clearly *aimed* at organised criminals in the conventional meaning of those words, the history of its enactment was *unhelpful: during the fragmen*tary debates a far-sighted Congressmen had pointed out that the statute could be used in commercial disputes, but nothing was done about it. Hence the courts can assume that the Congress knew and tacitly approved of such use of the Act.

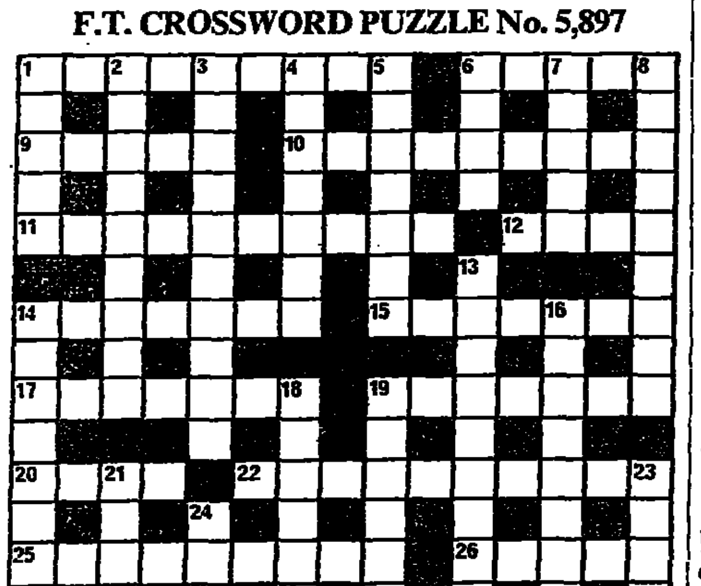
Business groups are now *urging Congress to amend Rico.* But there is already an organised opposition. A separate Rico Bar already meets and feeds the demand. Professional conferences are held and at some of those it has been stated *that a lawyer may be "profes*sionally remiss" if he does not add a Rico count to a complaint in a commercial dispute.

The opposition's main arguments against change are that attempts to meddle with the *statute are designed to protect* white-collar criminals; that the Supreme Court has already blessed this version of the statute; and that the statute is pro-victim, not anti-business.

Has the effect of the Rico Act any *important* lessons or is it just a freak occurrence peculiar to the US? Admittedly, the outcome is partly the result of accident. But it also throws a highly interesting light on the legislative process and the relationship between courts and legislation.

* *The author is a partner in the Chicago law firm of Mayer, Brown and Platt.*

F.T. CROSSWORD PUZZLE No. 5,897



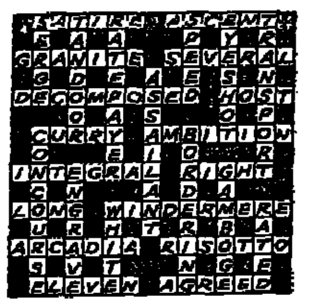
ACROSS

1 Christmas city with girl on the French border (9)
6 D——— eager that Christmas city was his (5)
9 Christmas bird and boy (5)
10 Christmas fare — church devout in excavations (5, 4)
11 Christmas tree fruit for girl and boy (err for nothing)? (5, 5)
12, 20 So Christmas comes and then it's . . . inspection (4, 4)
14 God converting the heart of Christmas (7)
15 Christmas fare of a nation (7)
17 Capital girl (dear one?) for C———as? (7)
19 "Speed bonny boat . . ." (love the first verse!) (7)
20 See 12
22 Christmas presenter—Bill's Aunt Sal? (5, 5)
25 Christmas rose from below 'e carried (9)
26 Christmas daisy or Eastern star? (5)
27 No point going back for climbing aid (5)
28 Subjects of hang-up at Christmas (9)

DOWN

1 The origin of Christmas? (5)
2 Device to get a line on Bala trout? (9)
3 Comedian, N.B. nee Curly Twist (5, 5)
4 Obstructs Christmas parcels (7)
5 Time's up among moneymakers—it's for prayer (7)
6 See 24
7 "Five for the symbol" of defiance (1-4)
8 Result of Christmas dinner, said Pepys? (9)
13 Charge Ken L. for drawing trees on blackboard (5, 5)
14 I'm back at reptile joint for a little bit of modern technology (5-4)
16 A way to act in time on the Piccadilly line (4, 5)
18 Christmas (greetings) for Neptune's children? (7)
19 Active personality after less than a month (2, 3, 2)
21 Distinction amid the clatter (5)
23 One isn't well out of them (5)
24, 6 Christmas beasts — bad weather expensive, we hear (8)

Solution to Puzzle No. 5,896



APPOINTMENTS

Secretary of the CBI

Mr Maurice Hunt has been appointed secretary and director of administration at the CONFEDERATION OF BRITISH INDUSTRY. He will succeed **Mr Denis Jackson** who is retiring. Mr Hunt has been director of membership promotion since joining the CBI in August 1984. His previous appointments were at the Department of Trade and Industry as an assistant secretary and before that 13 years in bank*ing at the ANZ Bank.*

★

LAING PROPERTIES has appointed **Mr John S. Lamb** as a director. He is a director of Laing Properties (UK) and has been with the group since 1973.

★

Mr W. H. Elgood has retired as director and secretary of THE DISTILLERS COMPANY. He has been *replaced by* **Mr E. M. Campbell.**

★

LONGTON INDUSTRIAL HOLDINGS has appointed **Mr George Metcalfe** as managing director of the transport, storage and distribution division. He was previously chief executive, Renwicks Freight (Holdings).

★

BRENT CHEMICALS INTERNATIONAL has formed company, BCI-Permalite, to operate from January 1. The managing director is **Mr Malcolm Law**: sales director, **Mr Alan Robinson**; commercial and export director, **Mr Ray Gibbs**; and technical director, **Mr Peter Hutchinson. Mr Brian Garner** becomes BCI-Permalite chairman.

★

SLEEPEEZEE has appointed **Mr Steven L. Pae** as associate director of finance and company secretary. *He was management* accountant.

★

Mr P. J. van Zuydam and **Mr P. M. Wilson**, have been appointed to the board of GALLAHER from January 1. The main activities of the group are in tobacco, optics, *engineering,* distribution, office products and housewares. Mr van Zuydam is chairman and chief executive of The Prestige Group, the housewares sector, and Mr Wilson is to be deputy chairman of chief executive of Gallaher Tobacco (UK) from January 1.

★

NORTH WEST SECURITIES, *the finance* house subsidiary of the Bank of Scotland, announces that **Mr E. R. Hazlehurst**, in addition to his existing position as *managing director*, has been appointed deputy chairman. **Mr C. H. Bush**, assistant managing director, has been appointed deputy managing director.

★

Mr Robert Topple has been *appointed chairman of* LESLIE & GODWIN following the departure of **Mr Peter C. Methley**, who has also resigned from all directorships held in the Frank B. Hall (UK) Group. Mr Topple is also chairman of Frank B. Hall (Holdings). **Mr Henry B. Prentis** continues as deputy chairman of Leslie & Godwin. **Mr Antony A. M. Pinsent**, chairman of Leslie & Godwin Aviation, has become managing director of *Leslie & Godwin.* **Mr Tom G. V. Roberts** has been appointed chairman of Leslie & Godwin Marine taking over from Mr Methley. *Mr Roberts remains* a director of Leslie & Godwin. **Mr Tom J. Wallace** has been appointed a director of Leslie & Godwin.

★

Mr John Walker has been *appointed an* executive director of YORKSHIRE CHEMICALS from January. He will combine his new wider responsibilities *with his present role as chief* executive of Yorkshire Colours.

★

Mr Robin D. McFarlane has joined SECURITY PACIFIC NATIONAL BANK'S international money management department as vice president, financial futures. Prior to joining Security Pacific, Mr McFarlane was associated with Italian *International* Bank *and* Continental Illinois National Bank and Trust Co of Chicago, London.

★

Mr Stuart Warrener has been appointed to the board of RANK AUDIO VISUAL. He joined Rank Audio Visual in March 1978 and has been business manager for Rank Video Library, one of its subsidiaries, since August 1981.

★

Mr Edward Guinness, vice-chairman of Guinness Brewing Worldwide and Guinness (Great Britain) and chairman of Harp Lager, has been elected chairman of THE BREWERS' SOCIETY. He succeeds **Mr Ewart Boddington** of Boddington's Breweries, who has been elected a vice president of the society. **Mr Anthony Fuller**, chairman and managing director of Fuller, Smith and Turner, has been elected vice chairman of the society.

★

COUNTING HOUSE COM*PUTER SYSTEMS has appointed* **Mr David Corfield**, previously managing director of CIS Products, Cambridge, as sales and marketing director. **Mr Eric Christie** has been appointed customer services manager.

★

Mr B. C. Dean, Mr G. A. Hoodless and **Mr T. A. Page** will join the partnership of SCOTT GOFF *LAYTON AND CO., stockbrokers,* on December 23.

★

Mr John Cutts has joined EBC AMRO BANK, London, as an executive director to head the corporate finance department. He *joins from Amro Bank, Amster*dam, where he had responsibility for corporate finance work especially in the area of mergers and acquisitions.

★

SCIMITAR ASSET MANAGEMENT, investment management subsidiary of Standard Chartered Merchant Bank, has appointed **Mr J. Stuart Irvine**, until recently managing director of Noble Lowndes International, as senior international consultant.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80 Holdenhurst Rd, Bournemouth 0345 717373

	Bid Price	Offer Price	+ or −	Yield Gross
High Income				
Gilt & Fixed Int.	109.6	115.9	−0.7	10.35
High Inc Equity	76.4	81.2	−0.8	6.07
Worldwide Bond	157.5	168.0	+0.9	5.75
Capital Growth				
American Growth	136.9	145.6	+0.6	2.43
Asian Pacific	44.2	47.7	+0.1	2.62
Assets & Ergs. Tt.	79.3	84.5	−0.4	2.72
Capital Reserve	60.6	60.7	−0.2	—
Commodity & Engy	63.2	67.9	−0.8	1.77
European Capital	61.1	65.0	+0.6	2.51
General	117.0	125.1	−1.3	3.40
Japan	51.5	55.9	+0.1	—
Mastertrust	48.1	51.1	+0.2	1.96
UK Growth Acc Units	104.7	112.5	−0.8	—
UK Growth Dist	73.1	78.6	−0.5	1.96
U.S. Emerging Co's	53.0	57.3	+0.6	0.45
Equitas Prop.	167.2	178.0	−2.0	3.42

Aitken Hume
30 City Road, London EC1Y 2AY 01-628 6626

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CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd
66 Cannon St, London EC4N 6AE Dlg 01-236 3885

International Growth	102.0	108.6	+0.1	1.30
Income & Growth	45.3	48.2	-0.6	2.8
Special Situations	56.7	60.4	-0.4	1.20
American Growth	27.8	29.6	+0.1	1.50
Japan Growth	35.4	37.7	+0.6	—
European Growth	44.4	47.4	+0.1	2.50
UK Growth	43.6	46.6	-0.4	1.4
Pacific Growth	33.0	35.3	+0.5	2.0
High Income	29.7	31.8		7.6
Practical Income Units	43.6	46	-0.1	2.70
Practical Accum. Units	78.5	83.6	-0.1	2.70

Pearl Trust Managers Ltd (a)(g)
252 High Holborn, WC1V 7EB 01-405 8441

Pearl Growth Fd.	68.8	73.2	-0.3	2.91
Accum Units	101.8	108.3	-0.4	2.91
Pearl Inc	94.2	100.2	-0.8	4.93
Pearl Unit Tst	99.8	106.2	-0.9	3.88
(Accum. Units)	171.1	182.0	+1.5	3.88
Pearl Intl Equity	95.9	102.0	+0.4	1.96
(Accum Units)	95.9	102.0	+0.4	1.96

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	208.6	223.9	+0.2	1.45
Income	144.4	160.0	-1.7	5.38
Worldwide Recovery	116.9	125.9	-0.3	2.16
American Growth	59.8	64.2	+0.1	1.08
Intl Emerging Cos	62.4	67.0	-0.3	0.74
Far East Growth Fd	53.1	57.0	+0.6	1.16

Prolific Unit Trusts
222 Bishopsgate, London EC2 01-247 7544-7

Prolific American Inc	49.2	52.9	+0.1	5.7
Prolific Far East	112.0	120.4	+1.7	0.24
Prolific Extra Inc	66.2	70.3	-0.4	5.84
Prolific Convert & Gilt	82.3	87.3	-0.9	7.22
Prolific High Inc	137.6	148.0	-1.3	5.14

Sun Life Trust Mgmt. Ltd
107 Cheapside, London EC2V 6DU 01-606 6010

American Growth Acc.	24.4	26.0	+0.1	1.4
American Income Acc.	24.9	26.5	+0.3	4.7
American Income Inc.	24.9	26.5	+0.3	4.7
European Growth Acc.	35.3	37.5	+0.4	2.3
Far East Growth Acc.	27.5	29.3	+0.5	0.9
Int. Growth Acc.	26.1	27.8	+0.4	0.9
Japan Growth Acc.	33.7	35.8	+1.2	0.1
UK Growth Acc.	28.9	30.7	-0.1	2.4
UK Income Acc.	26.3	28.0	-0.1	4.5
UK Income Inc.	26.3	28.0	-0.1	4.5

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)
99-101 London Rd, Sevenoaks 0732 450161

Equity Dist.*	232.3	245.8	-7.7	3.90
Equity Acc.*	279.5	295.7	-10.0	3.90
Fixed Int. Dist.†	116.0	120.2		11.25
Fixed Int. Acc †	170.2	176.3		11.25

*Prices on Dec 11. Next dealing Jan 8
†Prices on Dec 4. Next dealing Jan 2

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens House, Andover, Hants SP10 1PG
0264 62188 Dealings to 0264 63432 3

TSB American	98.0	104.3	+1.2	1.25
Do. Accum.	101.9	108.5	+1.1	1.25
TSB Extra Income	88.0	93.7	-0.8	6.09
Do. Accum.	101.4	107.9	-0.9	6.09
TSB General	133.4	142.0	-1.5	3.10
Do Accum.	224.6	238.4	-2.4	3.10
TSB Gilt & Fxd Inc	46.6	48.6	-0.1	9.10
Do Accum.	58.5	61.0	-0.1	9.10
TSB Income	174.1	185.3	-1.8	4.92
Do Accum.	267.4	284.5	-2.7	4.92
TSB Pacific	110.5	117.6	+1.1	0.60
Do Accum.	113.3	120.6	+1.2	0.60
TSB International	245.1	260.8	+2.4	1.91

Allied Dunbar Assurance Plc
Allied Dunbar Ctr. Swindon SN1 1EL 0793 28291

INSURANCES

هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

Phillips & Drew Trust Ltd
120 Moorgate, London EC2M 6XP 01-628 9771
High Int Chq Acc ....11.25 8.41 12.40 Qu

Provincial Trust
30 Ashley Rd, Altrincham, Cheshire 061-928 9011
Cheque Acc ....11.50 8.60 12.79 Mu

Royal Bank of Scotland plc
24 Lombard St, London EC3V 9BA 031-557 0201
Premium Account ....11.0 8.22 12.18 Qr

Save & Prosper/Robert Fleming
28 Western Rd, Romford RM1 3LB. 0708 66966
H.I.B.A. ....10.83 8.10 12.05 Daily

Tyndall & Co
29-33 Princess Victoria St, Bristol 0272 732241
Demand Acc ....11.31 8.45 12.08 Qr
Money Acc ....11.03 8.25 12.15 Qr

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733
Special Acc ....11.00 8.22 12.70 Mn
Over £10,000 ....11.25 8.41 12.49 Mn

Western Trust & Savings Limited
The Moneycentre, Plymouth PL 1SE 0752 24141
High Int Chq Acc ....11.63 8.69 12.83 Qu

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yield % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ⊕ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk	35
BOC Grp	27	NEI	10
BSR	8	Nat West Bk	55
BTR	33	P & O Dfd	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	21
Beecham	30	Racal Elect	15
Blue Circle	50	RHM	12
Boots	18	Rank Org Ord	35
Bowaters	30	Reed Intnl	60
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	3½	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons	18	Turner Newall	9½
Comm Union	23	Unilever	90
Courtaulds	13	Vickers	35
Distillers	36	**Property**	
FNFC	12	Brit Land	14
Gen Accident	55	Land Secs	26
Gen Electric	14	MEPC	26
Glaxo	100	Peachey	24
Grand Met	30	Samuel Props	15
GUS 'A'	70	**Oils**	
Guardian	60	Brit. Oil & Min	3½
GKN	20	Brit Petroleum	45
Hanson Tst	18	Burmah Oil	27
Hawker Sidd	36	Charterhall	4
ICI	42	Premier	5
'Imps'	16	Shell	55
Jaguar	27	Tricentrol	18
Ladbroke	27	Ultramar	18
Legal & Gen	60	**Mines**	
Lex Service	24	Cons Gold	40
Lloyds Bank	35	Lonrho	12
Lucas Inds	38	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Falklands waters face threat of overfishing

BY ROBERT GRAHAM, LATIN AMERICA EDITOR

A RAPID increase in the exploitation of the rich fisheries round the Falklands is creating strong pressure for an international agreement regulating the catch. The waters round the Falklands are one of the last unregulated areas of the oceans which contain large stocks of fish.

The surge in exploitation of these waters is a direct result of political uncertainties in the wake of the 1982 Falklands' conflict and Britain's continued political reluctance to declare a territorial zone—either within the current military controlled 150-mile protection zone, or in 200 mile territorial sea claim.

The scale of the increase in fishing, mainly by East Bloc, Japanese and Spanish fleets, is highlighted in a recent study prepared by Imperial College's Centre for Environmental Technology. The study estimates the value of the catch in the 200 mile zone round the Falklands between January and September at $262m. This compares with $202m in the previous 12 months. The size of the catc his such that in the case of squid, increased supplies from Falklands waters have helped depress international prices this year.

Available data on fish stocks are limited and no one really knows the extent to which there is overfishing. However, experts believe there is a serious danger of overfishing unless some regulation is brought in quickly. On current trends well over 400,000 tons of fish will be caught in the 200 miles zone this year. Until September the catch was estimated at 380,000 tons against 349,000 tons for the whole of 1984.

Britain has been sufficiently concerned to put the matter to the UN Food and Agriculture Organisation (FAO) in Rome. Discussions began in April and several nations involved in fishing agreed to back a study — both on fish stocks and on ways to regulate them. But initially Argentina demurred to back the project, anxious that no move might be taken as a downgrading of its claim to sovereignty of the islands. However, Argentina has finally agreed to the study, which should be ready in the spring.

This is seen as a major step forward, although Argentina has stressed it is not bound to accept any of the report's findings or recommendations.

The basic difficulty for any system of control is disputed sovereignty. For instance, the British Government would like to see a system of licences instituted, the fees in part or whole going to the Falkland Islands. Fishing licence fees have long been seen as the way to the islands' financial independence. But such payments inevitably imply British control and sovereignty, and it is hard to see Argentina acepting this.

Almost 60 per cent of the catch is accounted for by Soviet and Polish vessels; but in the past year Japanese, Korean, Spanish and Taiwanese boats have been increasingly active. Fishing concentrates on two types of squid (illex argentinus and loligo patagonica), the southern blue whiting (micromesistius australis) and two hakes (merluccius australis and merluccius hubsii).

The Imperial College survey believes the blue whiting stock is being overfished. With the Soviet Union'ss continued bad harvests the blue whiting is helping the latter's needs for meal, and the report concludes: "It seems clear that if Eastern bloc demand for meal remains high there will be pressure on the blue whiting resource. It also seems clear that at catch levels of 150,000-200,000 tonnes, the resource is likely to be substantially depleted."

The main market for squid is Japan. This is a complex and highly regulated market, but of great interest, not merely to Japanese operators, but also to Eastern European fleets. Squid caught by East Bloc countries enter the Japanese market via import quotas and as part of an unusual barter system: middle men sell the squid to Japan and with this cash they buy mackerel or herring from Scottish fishing operators which is then passed on to East Bloc customers.

Spain, another market for squid, also imports from East Bloc operations. One side effect of unrestricted expansion of squid fishing would be to lower the price of squid and reduce the demand for mackerel and herring as "hard currency" in barter deals, the report concludes.

Interestingly the report gives a far less optimistic assessment of potential income from licence fees than previously anticipated by the British Government. The fees would depend heavily on the behaviour of squid stocks and would net no more than $10m on a 200-mile zone.

If the FAO initiative fails to produce a system to control stocks, the British Government is faced with an awkward dilemma. It can declare a territorial zone of 150 or 200 miles, so risking an exacerbation of the dispute with Argentina, and obliging a costly policing operation of this sovereign area. Yet if it does nothing, fish stocks risk being plundered and the prospect of the Falkland Islanders gaining any benefit from their major known resource will evaporate.

** *The Fisheries around the Falklands, J. R. Beddington, Solange Brault and J. Gulland. IIED/IUCN Marine Resources Assessment Group, Centre for Environmental Technology, Imperial College, London.*

Drought fears lift coffee price

BY ANDREW GOWERS

THE RECENT dramatic rise in coffee prices continued yesterday, bringing closer the possibility that 4m bags could be added to the International Coffee Organisation's (ICO) export quotas this week and that quotas could be lifted altogether within the next two months.

Robust coffee futures prices were up £22.50 per tonne on the day in the March position, bolstered by their renewed limit gains in New York on Tuesday. Trading was described as extremely nervous in view of the volatility of the New York market and the sharp swings in sterling's value against the dollar.

But the underlying concern remains drought damage to the Brazilian crop, which traditionally accounts for about 30 per cent of all world coffee exports. Next year, as a result of a persistent lack of rain in some growing areas, this is expected to fall to between 13m and 16m bags, about half of the 1985 harvest.

There are fears that this could result in significant shortages of coffee.

If prices continue to firm, the immediate prospect is that 4m bags will be added to the current total ICO export quota of 59m bags in the next few days. This results from the fact that the ICO's 15-day moving average price remains well above the trigger level for quota releases, despite an earlier addition to the quota.

If the 15-day average, now above 147 cents, reaches 150.08 cents and stays there for 45 consecutive days, all ICO quotas will be suspended.

The International Coffee Agreement, of which the ICO is the executive body, aims to keep coffee prices between 120 and 140 cents a pound by enforcing or relaxing export quotas. The current price rise may well exacerbate strains between ICA members which were already apparent in September.

Informal offer by tin creditors to share costs

By Stefan Wagstyl

METAL BROKERS who are creditors of the International Tin Council have informally offered to share the eventual cost of settling the tin market crisis.

Representatives of 13 London Metal Exchange traders with ITC contracts yesterday suggested at a meeting with a tin council working party that they could contribute 10 per cent of the final loss suffered by the tin council in running down its stockpile.

The tin council which runs a price pact between 22 countries has run out of money owing hundreds of millions of pounds

After the meeting with ITC delegates, Mr Ralph Kestenbaum, spokesman for the 13 creditor brokers, said that the atmosphere had been very constructive, but he declined to discuss details of the ideas put forward

However, he said that the eventual loss on the council's tin stockpile which could rise to 120,000 tonnes of tin could be £150m. This is far less than the council's gross liabilities of £900m. The 10 per cent offer would clearly be negotiable. It is based on the 10 per cent guarantee that brokers offered banks when they proposed a £900m refinancing package last month.

Delegates said that the brokers had informally offered to take a share of the final loss.

The council's nine-delegate working party is today expected to meet representatives of its 16 creditor banks.

Delegates believe that progress is being made towards an orderly resumption of the tin market, which has been suspended since the crisis erupted on October 24. However, they and their creditors acknowledge that they are running out of time. The LME is under increasing pressure from traders not involved with the ITC to reopen the market. Mr Kestenbaum said he hoped that the LME board and committee which meets today would agree to keep the market closed beyond the end of this week.

However, he said that a settlement had to be reached by the end of next week.

● US stocks of distillate fuel oil increased significantly last week for the third consecutive week, according to the American Petroleum Institute, writes Nancy Dunne in Washington.

Supplies of distillate jumped 6.5m barrels to 142.4m barrels, narrowing the gap between last year's levels to 15.3m barrels.

Andrew Gowers on the effect of the EEC's quota decision

UK sugar row goes on back burner

AN UNEASY truce seems likely to break out in the British sugar industry as a result of this week's temporary settlement of the EEC dispute over quotas and levies under the Community's new sugar regime.

British Sugar and Tate & Lyle, the country's two large sugar-refining companies, have been engaging in an increasingly emotive debate on quotas in the past few weeks, with British Sugar lobbying hard for an increase in the amount of beet it is permitted to produce, in order to cater for what it describes as new demand, and Tate & Lyle warning that this could threaten one of its two UK cane refineries.

The agreement by EEC ministers to leave all quotas unchanged for two years from July 1986 and then look at the matter again will lower the temperature of the controversy.

All the same, the debate is unlikely to disappear altogether, for both companies believe it raises issues of fundamental importance. It has also become something of a political issue, with the beet and cane interests pressing their cases in a Commons debate at the beginning of last week.

The dispute between the two companies goes to the heart of the sugar arrangements set up in Britain on its accession to the EEC in 1973 — a system unique in the largely beet-producing and consuming Community.

This country was not a big beet producer by tradition, and it was politically committed to taking a sizeable quantity of raw cane sugar at guaranteed prices from former colonies in the Caribbean and elsewhere, as well as having a large and labour-intensive cane processing industry to look after.

As a result, the Government argued in the EEC that it must maintain a political balance between beet and cane, and gave undertakings to this effect to both British Sugar and Tate & Lyle. The EEC is committed by a protocol of the Lome Convention with its African, Caribbean and Pacific (ACP) associates to buy 1.3m tonnes (white sugar equivalent) of their sugar per year on preferential terms.

But that balance has always been precarious. In the first few years after EEC entry, beet farmers — under the umbrella of the processing monopoly British Sugar — embarked on a significant expansion in output. Coinciding as it did with a steady decline in consumption, this boosted beet's UK market share to about 50 per cent from about one third in the two decades prior to accession.

The development was accompanied by a severe shake-out in the industry, with Tate & Lyle taking over its fellow cane refiner Manbre and Garton in 1976 and closing four refineries in the five years thereafter, and British Sugar investing heavily to boost the efficiency and size of its plants.

However, BSC had a problem: during the 1970s it repeatedly failed to meet its subsidised EEC production quotas, partly because of the poor climate, which is less suited to growing beet than that of France, for example.

As a result, when the EEC came to fix its sugar regime for another five-year period in the early 1980s, 182,000 tonnes were lopped off BSC's "B" quota, leaving it with total "A" and "B" quotas of 1.14m tonnes. Coupled with the modernisation and expansion measures, this forced the Corporation to close four of its factories with the loss of 1,200 jobs.

BSC, which was taken over by the commodity trading group S & W Berisford three years ago, has been chafing against the constraint of its quota ever since. As the debate got underway over the future shape of the EEC sugar regime earlier this year, it saw its chance to change things.

Mr Gordon Percival, the company's pugnacious managing director, has waged an untiring campaign to persuade people in Whitehall and Westminster of the need for a larger beet quota.

He argues that this is necessary not simply to restore subsidies which BSC lost in 1981, but also because of new outlets for sugar: he claims that 350,000 tonnes of additional demand is likely to be created in the UK food and chemical industries over the next few years.

Mr Percival's figures have been greeted with more than a little scepticism both within Government and among independent analysts. But the Ministry of Agriculture has come round to the view that there could be an increase in consumption of the order of 150,000 tonnes in the industries concerned.

It has also broadly accepted British Sugar's point that this extra demand should be met not just by diverting sugar which would have been exported into the UK market, but also by increasing British production.

This position, stated two weeks ago in a letter from Mr Michael Jopling, the Agriculture Minister, to Sir Robert Haslam, the outgoing chairman of Tate & Lyle, in turn set alarm bells jangling in the offices of the big cane refining group.

Tate is suspicious of supposed new outlets for sugar, although its executives will admit that some additional demand for sugar could arise in industry over the next few years.

And although BSC itself denies this, Tate says it fears that the move to increase beet quotas could end by displacing a large chunk of ACP sugar from the UK market. According to this scenario, the additional UK production would flood the market before the extra demand arose for which it is supposed to cater.

This might force Tate to close the smaller of its two cane refineries, at Greenock in Scotland, with the loss of 400 jobs and the disappearance of a significant customer for Lome sugar. The company has not been slow to underline, to any local MPs who cared to listen, the knock-on effects that could have on the 16,000-plus jobs in the Scottish food industry.

There is, of course, an element of hype on both sides of this argument. Some more cynical City analysts believe that British Sugar might be looking for an excuse to close some of its 13 beet factories, perhaps those on the periphery of the beet-growing areas.

The company's failure to obtain a larger quota might be an ideal opportunity to blame such closures on someone else. Equally, although Tate & Lyle has long stressed its commitment to keeping the Westburn refinery at Greenock open, the speed with which it has raised the spectre of closure in this debate also raises some suspicions.

"Everybody's got a factory to close if needs be," said one stockbroker's analyst this week.

As for the Government's position, it seems plausible that Mr Jopling's vow to push for an increased quota was lukewarm. He knows how loudly some other EEC countries were also calling for a large slice of production, and how difficult it would be to increase output when the Community is producing huge surpluses of unwanted sugar.

The decision effectively to put off the debate for another two years looks like an honourable retreat for all concerned.

UK SUGAR BALANCE

(1,000 tonnes wse)

	1968	1978	1983
Total usage	2,950	2,600	2,500
Exports (including processed products) and stock	300	180	250
Domestic consumption	2,650	2,420	2,250
Supplied by: UK beet	850	950	1,100
EC beet	—	250	170
total beet	850	1,200	1,270
total cane	2,100	1,270	1,100
sugar in processed products	—	130	130

Figures are rounded to show general picture for periods selected, rather than the precise position for any given year.

Source: S. & W. Berisford

LONDON MARKETS

MOST STERLING commodity prices rose on London markets yesterday, reflecting the pound's continued weakness against the dollar. On the London Metal Exchange, aluminium continued its recent bull trend, with cash metal closing at £731.50 per tonne, up £22 on the day. The market is being supported by signs of a healthier balance between supply and demand as well as currency factors. Copper also rose in line with the dollar, with cash higher-grade metal closing up £28.25 a tonne at £992.50. This follows its fall to a two-year low last week, when sterling advanced. There was support from commission house buying and chart operations as well as from Comex in New York. Zinc and nickel were also higher, while silver — which earlier this week plumbed 41-month lows—was steady, and lead was little changed. Cocoa futures firmed to reach two-month highs on trade buying in response to currencies, while dollar-denominated sugar futures lost up to $3.20 on the day.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	731-2	+22.0	720/719
3 months	756-.5—7	+22.5	757/738

Official closing (am). Cash 720-5 (700 5-1), three months 745-5 (726 5-7), settlement 721 (701). Final Kerb close: 752-3.

Turnover, 23,050 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High/low
Cash	992-.5	+28.25	970/969.5
3 months	1013-.4	+30.25	1015/987

Official closing (am): Cash 970-.5 (957.5-8), three months 991.5-2 (977-.5), settlement 970.5 (958). Final Kerb close, 1012-3.

Cathodes			
Cash	977-9	+25.5	—
3 months	997-9	+29.0	—

Official closing (am): Cash 957-9 (943-4), three months 978-80 (962-4), settlement 959 (944).

Turnover: 39,800 tonnes. US Producer prices 67.00-72.00 cents per pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	268-.5	+0.25	274/273
3 months	276-.25	+0.12	282.5/275

Official closing (am): Cash 273-.5 (266.5-7), three months 282-.5 (275.5-6), settlement 273.5 (267). Final Kerb close: 277-8.

Turnover: 11,525 tonnes. US Spot: 18.75-20.00 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	2860-70	+76.0	2825/2820
3 months	2900-5	+62.5	2900/2845

Official closing (am): Cash 2820-5 (2765-70), three months 2855-60 (2810-5), settlement 2825 (2770). Final Kerb close, 2880-90.

Turnover: 1,086 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	476-.5	+9.0	476/476
3 months	474-.5	+10.75	482/466

Official closing (am): Cash 475-6 (467.5-8), three months 473-4 (464.5-5), settlement 476 (468). Final Kerb close: 478-9.

Turnover: 8,350 tonnes. US Prime Western: 33.50-35.75 cents per pound.

GOLD

Gold fell $3 to $315-315½, the lowest closing level on the London bullion market since September 18. The metal opened at $316¾-317¼, and touched an early high of $317-317½. It was fixed at $316.80 in the morning and $315.50 in the afternoon, falling to a low of $312¾-313¼. Led by the weakness of silver. Oil price worries continued to overhang the market, while the partial recovery towards the close was encouraged by a fall of the dollar from its highest levels, on central bank intervention.

GOLD BULLION (fine ounce)	Dec 11	
Close	$315 315½	(£223¼-223¾)
Opening	$316¾-317¼	(£221-221½)
M'n'g fix	$316.80	(£221.384)
Aft'n'n fix	$315.50	(£222.496)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$317½ 318	(£226¼ 226½)
½ Krug.	$167½-168¼	(£118¾-119¼)
¼ Krug.	$85¼-86½	(£60¼-61¼)
1/10 Krug.	$35 35¾	(£24½-25¼)
Mapleleaf	$326½ 326	(£230¼-231¼)
Angel	$324-326	(£229 230½)
1/10 Angel	$31¼-36¼	(£22-25¼)
New Sov.	$76-76½	(£54-54¼)
½New Sov	$45¼ 46	(£32-33½)
Old Sov.	$80-81½	(£56½-57½)
$20 Eagle	$430 470	(£304 332¼)
Noble Plat	$332 355¾	(£235½-258)

SILVER

Silver was fixed 1.8p an ounce higher for spot delivery in the London bullion market yesterday at 405.4p. US cent equivalents of the fixing levels were: spot 579.5c, down 1.5c; three-month 590.6c, down 2.3c; six-month 602c, down 2.25c; and 12-month 626.25c, down 2.55c. The metal opened at 403-405p (578-580c) and closed at 407-409p (574-576c).

SILVER per troy	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	405.40p	+1.80	403.5p	+3
3 months	416.75p	+1.80	415.5p	+4
6 months	428.55p	+1.85	—	—
12 months	451.65p	+2.50	—	—

LME—Turnover: 38 (67) lots of 10,000 oz.

Cash high/low 404p; three months high 416p, low 415p, final kerb 414.5-6 5p.

RUBBER

PHYSICALS—The London market opened steadier, attracted little interest at the higher levels and closed quiet and uncertain, reports Lewis and Peat. Closing prices (buyers), spot 57 50p (57.0p), Jan 55 75p (54.75p), Feb 56 25p (55 25p). The Kuala Lumpur fob price (Malaysia/Singapore cents) per kg RSS No 1 was 179 5 (177 5) and for SMR 20 171.0 (170.5).

INDICES

FINANCIAL TIMES

Dec. 11	Dec. 10	M'th ago	Year ago
—*	—*	—*	289.17

(Base: July 1 1952=100)

REUTERS

Dec. 11	Dec. 10	M'th ago	Year ago
1781.3	1775.7	1740.8	1894.7

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Dec. 10	Dec. 9	Month ago	Year ago
Spot	121.55	121.34	—	123.15
Fut.	125.05	124.61	—	124.44

(Base: December 31 1974 = 100)

* Not available due to suspension of tin LME.

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Dec. 11 1985	+ or —	Month ago
METALS			
Aluminium	£1100		£1100
Free Mkt	$1070/90	+10	$985/1005
Copper			
Cash h Grade	£992.5	+28.25	£976.75
3 mths	£1013.5	+30.25	£994.5
Gold Troy oz	$315.25	—3	$326.5
Lead Cash	£268.25	+0.25	£284.6
3 mths	£276.13	—0.12	£283.85
Nickel			
Free Mkt	181-201c	...	184/204c
Palladium oz	$95.25		$101.20
Platinum oz	$325.00		$334.25
Quicksilver†	$270/280		$280/285
Silver troy oz	405.40p	+1.80	430.75p
3 months	416.75p	+1.90	442.60p
Tin cash	‡		‡
3 months	‡		‡
Tungsten	$67.77		$70.28
Wolfram 22.0lb	$58/64		$60/65
Zinc	£476.25	+9	£419.5
3 months	£474.25	+10.75	£425
Producers	$660/670		$660/670
OILS			
Coconut (Phil)	$390x		$405
Palm Malayan	$387.5z	+7.5	$355
SEEDS			
Copra Phil	$237.5		$265
Soyabean (U.S.)	$219.6	+1.85	$225.65
GRAINS			
Barley Fut. Mar.	£113.35	—0.10	£110.40
Maize	£142.50		£135.00
Wheat Fut. Mar.	£115.95	+0.15	£111.50
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Mar.	£1752.5	+16	£1679.5
Coffee Ft. Mar.	£2098.5	+22.5	£1675.5
Cotton A Index	48.30c	+0.25	48.15c
Gas Oil Feb.	$231.75	+6.75	$266.75
Rubber (kilo)	57.6p	+0.5	56p
Sugar (raw)	$140x	—2.5	$139.5
Wooltops 64s	392p kilo		396p kilo

COFFEE

Following a firm New York close and lower sterling, London opened £45-50 higher, reports Drexel Burnham Lambert. Trade selling triggered a retreat before further strength in New York influenced additional gains during an active afternoon. Values fell towards the close on profit-taking and commission house selling.

COFFEE	Yesterday's Close	+ or —	Business Done
Jan	2045-2050	+24.0	2085-2045
March	2096-2100	+22.5	2135-2090
May	2155-2160	+35.5	2185-2150
July	2210-2212	+40.5	2250-2200
Sept	2250-2255	+39.0	2280-2260
Nov	2276-2298	+39.5	2320-2290
Jan	2325-2340	+67.5	2350-2330

Sales: 9,182 (6,878) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for December 10: Comp daily 1979 159.54 (157.33); 15-day average 147.61 (146.28).

COCOA

Futures rose £20 on currency considerations and ended a fairly active day near the highs. Although some limited physical interest was noted there was generally little inclination from either producers or consumers to re-enter the market, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
Dec.	1705-1706	+13.5	1705-1675
March	1752-1753	+16.0	1758-1724
May	1763-1766	+16.0	1771-1740
July	1775-1779	+16.5	1784-1757
Sept.	1794-1795	+24.5	1796-1767
Dec.	1794-1800	+22.5	1799-1770
March	1809-1810	+22.0	1810-1786

Sales: 3,637 (3,429) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for December 11: 106.95 (107.70): five-day average for December 12: 107.57 (107.56).

FREIGHT FUTURES

Quiet trading conditions prevailed in both the physical and future's markets. Futures drifted fractionally lower over the day, reports Clarkson Wolff. The Baltic Freight Index was 916, down 1.5.

	Close	High/Low	Prev.
Jan.	881/883	885/882	884/885
April	931/934	935/934	935/941
July	810/820	—	820-825
Oct.	912/920	—	915/925
Jan.	910/940	—	918/922
April	970/980	—	982/987
July	860/880	—	860/890
Oct.	951/999	—	950/1000

Turnover: 47 (56).

GRAINS

Wheat was a little steadier in quiet trading as currency again caused steadiness in nearby fob values. Prices rose late in the day to close around the highs. Barley saw some profit-taking and eased slightly. New crop wheat rose on shipper buying interest, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Jan	113.10	+0.15	110.40	—0.10
Mar	115.95	+0.15	113.35	—0.10
May	118.90	+0.20	116.35	—0.10
July	120.95	+0.10	—	—
Sept.	99.00	+0.10	98.50	+0.05
Nov	101.95	+0.15	101.45	—0.05

Business done—Wheat: Jan 113.15-2.95, Mar 116.00-5 80, May 118.90-8.80, July untraded, Sept 99.00-8.90, Nov untraded. Sales: 178 lots of 100 tonnes. Barley: Jan 110 45-10 40, Mar 113.50-3 35, May 115.50 only, Sept 98.50 only, Nov 101.50-1.40. Sales: 135 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring no 1 15 per cent Dec 137.50, Jan 139.25, Feb 141.75, Mar 144.25 transhipment east coast. US no 2 soft red winter Jan 123 50, Feb 123.75, Mar 124 00. EC French Dec 134. English feed fob Jan 115.75, April/Jun 121 paid east coast. Dec 112.75-13.50, Jan 115.75-116 00, Jan/Mar 116.75-117.25, Jan/June 118.25-119 00 buyer/selers Maize: US no 3 yellow/French transhipment east coast Dec 142.50 Barley: English feed Jan 114.00 paid Scotland, Dec 117 25 seller Scotland, Jan 113 50 buyer, Jan/Mar 115 00-115.75 buyer/seller, April/Jun 120 00 seller. Rest unquoted.

HGCA—Locational ex-farm spot prices Feed barley: E Mids 108.10, N East 109.60 The UK monetary coefficient for the week beginning Monday December 16 (based on HGCA calculations using four days' exchange rates) is expected to be unchanged.

US MARKETS

PRECIOUS METALS came under scattered pressure reflecting good availability and the drying up of fresh investment demand due to the bleak longer term outlook for oil prices, reports Heinold Commodities. Copper and aluminium firmed reflecting concerns that stock levels will not be adequate during the seasonally strong first quarter consumption period. Sugar remained under pressure on scattered liquidation based on poor technical indicators. The prospect of large quota increases put pressure on coffee values. Cocoa continued to attract light selling on an arbitrage basis. Cotton weakened on the lack of mill support. The energy complex was volatile with values higher on short-covermeeting. The soyabean complex came under pressure on increased cash movement. The grain complex traded mixed with maize lower on better cash movement while wheat remained firm on good export prospects.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	48.00	48.10	47.80	47.65
Jan	48.20	—	—	47.85
Feb	48.60	—	—	48.35
March	48.95	49.20	48.65	48.60
May	49.85	49.85	49.55	49.30
July	50.35	50.50	50.30	50.00
Sept	51.05	51.15	51.15	50.70
Dec	52.10	52.20	52.20	51.75
Jan	52.45	—	—	52.10
March	53.15	—	—	52.80

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	2163	2165	2155	2170
March	2226	2238	2221	2238
May	2266	2273	2260	2280
July	2279	2282	2280	2299
Sept	2300	2305	2305	2325
Dec	2309	2314	2303	2331
March	2320	—	—	2342

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
Dec	179.40	188.50	179.40	184.03
March	183.96	193.77	182.97	188.97
May	187.60	196.60	185.93	191.93
July	191.80	199.80	189.40	195.40
Sept	195.14	203.00	192.60	198.60
Dec	199.67	206.50	198.54	202.54
March	200.00	210.50	199.50	204.50
May	204.25	208.25	208.25	206.50

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	64.05	64.10	63.25	63.65
Jan	64.26	64.00	64.00	63.65
Feb	64.40	—	—	63.50
March	64.55	64.65	63.60	63.75
May	64.80	64.95	63.90	64.05
July	65.00	65.10	64.20	64.35
Sept	65.20	65.20	64.50	64.55
Dec	65.45	65.35	65.25	64.85
Jan	65.55	—	—	65.00
March	65.75	65.05	65.05	65.20

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	59.77	59.90	59.30	59.67
May	60.05	60.10	59.60	60.00
July	58.65	58.75	58.22	58.61
Oct	52.10	52.00	51.50	51.77
March	51.10	—	—	50.50
May	51.35	50.95	50.95	50.80

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrel

	Latest	High	Low	Prev
Jan	26.75	27.20	24.80	25.23
Feb	25.86	26.50	25.00	25.53
March	25.25	26.00	24.20	24.97
April	24.75	25.30	24.00	24.47
May	24.50	25.00	23.91	24.14
June	24.20	24.75	23.77	23.81
July	24.30	24.80	23.70	23.60
Aug	24.25	24.25	23.75	23.50
Sept	23.80	24.05	23.80	23.40
Oct	24.05	—	—	23.32

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	316.8	317.0	313.0	317.7
Jan	318.3	—	—	313.6
Feb	320.1	321.0	315.5	321.2
April	323.7	324.5	319.5	324.8
June	327.6	328.3	322.5	328.7
Aug	331.5	332.0	328.0	332.7
Oct	335.6	332.8	331.6	336.9
Dec	339.8	340.0	336.5	341.2
Feb	344.0	344.5	341.0	345.5
April	348.3	346.3	346.3	350.0
June	353.0	353.1	350.5	354.9
Aug	357.9	358.0	356.0	360.0
Oct	363.1	361.5	361.5	365.3

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
Jan	78.40	79.35	74.80	75.11
Feb	77.65	78.40	74.90	77.46
March	73.40	74.20	70.70	73.07
April	69.40	70.15	68.75	69.67
May	66.30	66.70	63.40	65.50
June	66.50	66.50	63.50	64.80
July	67.25	—	—	64.65
Aug	67.25	—	—	64.15
Sept	65.50	—	—	63.95

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	116.20	120.0	115.80	118.80
March	118.40	122.1	118.20	121.00
May	119.70	122.2	119.25	121.50
July	121.00	122.7	121.00	122.25
Sept	117.25	—	—	117.00
Nov	117.50	118.50	117.50	117.25
Jan	117.75	—	—	117.50
March	118.00	—	—	117.75
May	118.00	—	—	118.00

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	321.4	—	—	324.7
Jan	323.4	325.9	316.0	326.7
Feb	324.4	—	—	327.7
April	327.6	330.0	321.0	329.7
July	331.1	333.0	323.0	333.0
Oct	334.8	337.5	328.0	336.5
Jan	339.8	—	—	341.5

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Dec	576.5	581.0	570.0	578.9
Jan	579.3	579.0	574.5	582.8
Feb	583.1	585.0	585.0	586.9
March	587.0	592.0	578.0	591.0
May	594.5	599.0	588.0	598.9
July	602.0	607.0	595.0	606.8
Sept	609.8	615.0	605.0	615.0
Dec	621.7	627.0	613.0	627.5
Jan	625.8	—	—	631.8
March	634.2	637.0	626.0	640.6

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	5.15	5.26	5.13	5.34
March	6.09	6.23	6.06	6.26
May	6.25	6.41	6.22	6.38
July	6.37	6.55	6.35	6.51
Sept	6.49	6.52	6.52	6.65
Oct	6.60	6.79	6.59	6.75
Jan	6.73	—	—	6.88
March	7.18	7.36	7.18	7.34

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	[illegible]	66.20	65.25	65.67
Feb	[illegible]	62.90	61.90	62.45
April	[illegible]	61.82	61.12	61.30
June	[illegible]	62.05	61.40	61.70
August	[illegible]	60.50	60.12	60.12
Oct	[illegible]	59.35	59.00	59.02
Dec	[illegible]	—	—	60.35

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Dec	[illegible]	49.65	49.15	49.75
Feb	[illegible]	47.87	47.35	47.80
April	[illegible]	42.82	42.40	42.65
June	[illegible]	44.72	44.35	44.37
July	[illegible]	45.00	44.65	44.67
August	[illegible]	44.10	43.55	43.90
Oct	[illegible]	40.40	40.10	40.30
Dec	[illegible]	41.75	41.05	41.75
Feb	[illegible]	41.45	41.35	41.50

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
Dec	242.[illegible]	243.2	242.0	244.0
March	244.[illegible]	244.4	243.4	245.0
May	247.[illegible]	248.0	246.8	247.6
July	247.8	248.2	246.4	247.2
Sept	235.6	236.0	234.6	235.2
Dec	229.2	229.4	228.0	228.4
March	236.0	236.2	235.2	235.2

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	66.42	66.80	65.80	66.67
March	66.05	66.60	65.65	66.47
May	67.10	[illegible]	66.60	67.37
July	67.70	[illegible]	66.60	67.17
August	64.60	[illegible]	64.45	64.80

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Jan	513.6	[illegible]	513.4	518.2
March	524.2	[illegible]	524.0	528.6
May	534.4	[illegible]	534.2	537.6
July	540.4	[illegible]	540.0	543.6
August	538.0	[illegible]	538.0	540.4
Sept	517.0	[illegible]	517.0	519.4
Nov	516.2	[illegible]	516.0	516.0
Jan	525.4	[illegible]	525.4	526.0
March	538.[illegible]	—	—	537.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Dec	142.7	[illegible]	141.2	143.4
Jan	142.8	[illegible]	141.5	143.7
March	144.4	[illegible]	143.5	144.9
May	145.8	[illegible]	144.8	146.4
July	146.9	[illegible]	146.0	147.5
August	147.0	[illegible]	146.0	147.3
Sept	143.0	[illegible]	142.5	143.5
Oct	139.1	139.9	139.0	140.0
Dec	140.5	141.0	140.0	141.9
Jan	139.8	—	—	141.5

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Dec	20.59	[illegible]	20.57	20.65
Jan	20.67	[illegible]	20.65	20.73
March	21.07	[illegible]	21.04	21.21
May	21.40	[illegible]	21.35	21.50
July	21.65	[illegible]	21.60	21.70
August	21.58	[illegible]	21.55	21.70
Sept	21.50	[illegible]	21.50	21.43
Oct	21.50	[illegible]	21.50	21.40
Dec	21.52	[illegible]	21.40	21.40
Jan	21.52	[illegible]	21.35	21.40

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Dec	346.4	347.4	342.4	342.4
March	345.6	346.0	341.6	342.0
May	324.2	324.2	321.4	320.6
July	295.8	297.0	293.0	293.4
Sept	296.0	297.0	294.0	293.6
Dec	307.0	307.0	303.4	303.6

SPOT PRICES—Chicago loose lard 15.50 (15.00) cents per pound. Handy and Harman silver bullion 577.0 (581.0) cents per troy ounce.

SUGAR

LONDON DAILY PRICE—Raw sugar $140.00 (£98.00), down $2.50 (down £1.00) a tonne for December-January delivery. White sugar $173.50, down $1.50.

The market tested the underlying support levels, which arrested the decline. Prices then staged a technical rally of some $3.00 before falling back on that late afternoon, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Mar	157.2-157.4	160.8	161.8-157.0
May	161.2-161.6	165.2-165.4	165.4-161.4
Aug	166.0-166.6	170.0-170.2	169.8-166.0
Oct	170.0-170.2	174.0-174.2	175.4-171.2

Sales: 1,843 (1,497) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £201.50 (£202.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for December 10: Daily price 5.61 (5.82): 15-day average 5.53 (5.51).

PARIS—(FFr per tonne): Mar 1395-1397, May 1417-1420, Aug 1465-1470, Oct 1491-1500, Dec 1521-1536, Mar 1580-1592.

POTATOES

April opened 30p higher but met keen selling interest which erased the gains. The drift continued throughout the morning. The market continued weak apart from one brief rally mid-afternoon, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	81.80	82.40	—
Apr	91.00	91.40	91.70-90.80
May	96.50	96.70	96.60-96.00
Nov	74.00	73.60	—

Sales: 120 (297) lots of 40 tonnes.

SOYABEAN MEAL

The market opened 50p down in quiet trading conditons, reports T. G. Roddick. Prices remained in narrow trading ranges throughout the day.

	Yesterday close £ per tonne	+ or —	Business Done
Dec.	—	—	—
Feb.	127.2-127.5	—0.80	127.6
Apr.	128.0-128.2	—0.55	128.1-128.0
June	123.1-123.4	—0.40	123.0
August	122.1-122.4	+0.25	122.1-121.5
October	123.0-124.0	+0.90	123.0
Dec.	124.5 125.5	+1.83	—

Sales: 70 (364) lots of 20 tonnes.

OIL

Tuesday's late Brent price falls continued on the morning but were followed by an equally sharp recovery. Prices fluctuated by over $5 per barrel before stabilising well above Tuesday's low. The Nymex opened 7c up for January and had traded 76c up by 1.30 pm EST. The petroleum products market closed only slightly down in an extremely volatile market. Gas oil prices fluctuated within a $35 per tonne price range—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Jan.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	25.[illegible] 25.55	—0.75
Brent Blend	25.[illegible]-26.10	+1.625
W.T.I. (1pm est)	26.[illegible]-26.60	+0.10
Forcados (Nigeria)	26.[illegible]-26.40*	—1.15
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	2[illegible]-267	—5
Gas Oil	23[illegible]-237	—3
Heavy fuel oil	13[illegible]-136	—3.5
Naphtha	22[illegible]-230	—8

*December

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close $ U.S. per tonne	+ or —	Business Done
Jan	236.00	+9.00	236.00-00.00
Feb	231.75	+6.75	231.75-97.25
Mar	222.50	+4.50	223.00-88.50
Apr	213.50	+4.50	214.00-81.00
May	204.75	+3.00	208.50-78.00
June	204.75	+[illegible]	204.75-00.00
July	205.00	+5.00	205.00-95.00
Aug	206.00	—	206.00-85.00

Turnover: 8,906 (6,436) lots of 100 tonnes.

CRUDE OIL FUTURES—Brent Blend Index. $s barrel. (Close, change, business done): Index 24.81, —1 85: Jan 24.50-26 50, +1.05, untraded: Feb 24.75-25 2-, +1 225, 24.20-24.17: Mar 24.00-25 5-, +1.35, untraded: April 22.00-25.0-, +0.40, untraded: May 21.00-25.00, unchanged, untraded.

Turnover: [illegible] (48) lots of 1,000 barrels.

YEARLING BONDS totalling £4.55m at 11⅞ per cent redeemable on December 17 1986, have been issued by the following local authorities: Cardiff City £2m; St Helens Metropolitan Borough Council, Fenland District Council, Brentwood District Council and Stafford Borough Council £500,000 each; Wansbeck District Council £300,000 and Braintree District Council £250,000.

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Weaker £ prompts intervention

A further decline in oil prices —with North Sea crude touching *$21.80 a barrel for January loading*—put pressure on sterling yesterday, which may have resulted in support for the pound by the Bank of England, and intervention by other central Banks against the dollar. The *agreement reached by ministers* from the Organisation of Petroleum Exporting Countries, meeting in Geneva last weekend, to protect their share of the market is expected to put a squeeze on non-Opec producers, and has already pushed oil prices sharply lower on the world market.

Sterling fell to a low of $1.4060, and closed 2 cents lower *on the day at $1.4145-1.4155*, the lowest finishing level against the dollar for about two months. The pound also declined to the lowest level against the D-mark since February, falling to DM 3.5975 from DM 3.6425, and weakened to FFr 10.9775 from FFr 11.1225; SFr 3.0125 from SFr 3.04; and Y288.50 from Y292.10.

Sterling's exchange rate index, *according to the Bank of England* fell 1.0 to 77.9, the lowest since May 9. The index opened unchanged at 78.9, and touched a peak of 79.0 at 9 am, before weakening to 77.7 at 2 pm.

As the pound weakened the dollar found renewed attraction for the market. There were no new factors, but falling oil prices are regarded as a helpful factor as far as US inflation is concerned, *while the funds recently* encouraged into London by high interest rates and flexible markets, may have been frightend back to the dollar. The US currency touched a peak of DM 2.5595, where the Bundesbank, and other central banks, entered the market to sell dollars. This pushed the dollar back, but it still finished higher on the day at DM 2.5425 *compared with DM 2.5390*; FFr 7.7575 against FFr 7.75; SFr 2.1285 compared with SFr 2.1180; and *Y203.80 against Y203.55.*

On Bank of England figures the dollar's index rose to 127.9 *from 127.7.*

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.5110. November average 2.5926. Exchange rate index 129.6 against 121.6 six months ago.

The D-mark was little changed against the dollar after a nervous day, when the Bundesbank was reported to have sold dollars on the open market to stem a rising trend in the US *currency. The dollar closed at* DM 2.5400 compared with DM 2.5395, in Frankfurt. Earlier in the day the Bundes*bank did not intervene when* the dollar was fixed in Frankfurt at DM 2.5466, against DM 2.5418 previously. The dollar retreated from its early afternoon peaks, after the intervention on the open market, with the move into the dollar generally regarded as a reaction to the weakening of sterling. The pound was fixed at DM 3.6350 compared with DM 3.6600. There were no new factors to influence the dollar, and the market also showed no reaction to the protest by German trade unions at moves by the government to change a strike law. Trading among EMS currencies was nervous. The Belgian franc was fixed at DM 4.9070 per 100 francs against DM 4.9130, and remained the weakest member of the system, but did not appear under any immediate *pressure.*

£ IN NEW YORK

	Dec. 11	Prev. close
£ Spot	$1.4185-1.4200	$1.4290-1.4500
1 month	0.46-0.43pm	0.43-0.42pm
3 months	1.30-1.21pm	1.24-1.21pm
12 months	4.30-4.20pm	4.00-3.90pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT — FORWARD AGAINST POUND

Dec 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4060-1.4355	1.4145-1.4155	0.44-0.41c pm	3.60	1.29-1.25pm	3.59
Canada	1.9648-2.0013	1.9648-1.9711	0.49-0.40c pm	2.71	1.31-1.18pm	2.53
Nethlnd.	4.04¼-4.11¼	4.05-4.06	2⅛-1⅞c pm	5.92	5⅞-5⅝pm	5.87
Belgium	73.27-74.26	73.30-73.40	20-14c pm	2.78	58-45pm	2.81
Denmark	13.01½-13.22¼	13.03¾-13.04¾	3⅛-2⅞ore pm	2.85	9¼-8¾pm	2.84
Ireland	1.1648-1.1827	1.1655-1.1665	0.25-0.12p pm	1.90	0.59-0.26pm	1.46
W. Ger	3.48¾-3.65½	3.59¼-3.60¼	2⅛-2pf pm	6.88	6⅛-6pm	6.74
Portugal	226¼-233¼	225½-230½	25c pm-45dis	−0.53	420-1200d	−14.18
Spain	222-225½	222-222¼	55-135c dis	−5.13	190-280dis	−4.23
Italy	2,441-2,484¼	2,441-2,442	12-18lire dis	−7.37	31-38dis	−5.65
Norway	10.91½-11.06½	10.94¾-10.95¾	¾-1ore dis	−0.69	1¼-2¼dis	−0.62
France	10.97¼-11.14½	10.97¼-10.98¼	⅛-1⅛c dis	−0.27	1⅞-4⅛dis	−1.12
Sweden	10.94½-11.10¼	10.96½-10.97½	¾-1⅝ore dis	−1.30	1¼-2⅛dis	−0.62
Japan	287¼-292¼	288-289	0.86-0.72y pm	3.29	2.78-2.59pm	3.72
Austria	25.26-25.68	25.26-25.30	11⅛-9½gro pm	4.98	33⅞-29⅞pm	4.98
Switz.	3.00½-3.05	3.00¾-3.01¾	2-1⅞c pm	7.72	5⅞-5⅞pm	7.47

Belgian rate is for convertible francs. Financial franc 73.90-74.00. Six-month forward dollar 2.52-2.47c pm. 12-month 4.45-4.30c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Dec 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4060-1.4355	1.4145-1.4155	0.44-0.41c pm	3.60	1.29-1.25pm	3.59
Ireland†	1.2060-1.2170	1.2125-1.2135	0.22-0.12c pm	1.68	0.80-0.50pm	2.14
Canada	1.3840-1.3977	1.3910-1.3920	0.09-0.12c dis	−0.90	0.35-0.40dis	−1.07
Nethlnd.	2.8530-2.8810	2.8650-2.8660	0.56-0.53c pm	2.28	1.55-1.52pm	2.14
Belgium	51.70-52.15	51.80-51.90	1-2½c dis	−0.40	4-7dis	−0.42
Denmark	9.17¼-9.26¾	9.21¾-9.22	½-1ore dis	−0.98	1½-2dis	−0.78
W. Ger.	2.5330-2.5595	2.5420-2.5430	0.75-0.70pf pm	3.42	2.08-2.03pm	3.23
Portugal	161-162	161½-162	150-350c dis	−18.59	450-1000d	−17.96
Spain	156.70-157.85	157.10-157.20	80-150c dis	−8.77	250-375dis	−7.94
Italy	1,724-1,743	1,725-1,726	20-23lire dis	−14.90	42-46dis	−10.16
Norway	7.70-7.75½	7.73½-7.74	2½-3ore dis	−4.28	8-8½dis	−4.28
France	7.73½-7.81¼	7.75½-7.76	3-4c dis	−5.40	9½-11dis	−5.28
Sweden	7.72-7.78¼	7.75-7.75½	3-3½ore dis	−5.04	8-8½dis	−4.26
Japan	203.40-204.40	203.75-203.85	0.03-0.06y dis	−0.27	0.08-0.04pm	0.12
Austria	17.82½-17.98¼	17.85-17.87	2¼-1½gro pm	1.26	7⅛-5⅞pm	1.45
Switz.	2.1200-2.1385	2.1280-2.1290	0.75-0.70c pm	4.09	2.10-2.05pm	3.90

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 52.20-52.30

EXCHANGE CROSS RATES

Dec 11.	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.416	3.598	288.5	10.98	3.013	4.055	2442.	1.968	73.35
$	0.707	1.	2.543	203.8	7.758	2.129	2.866	1726.	1.391	51.85
DM	0.278	0.390	1.	80.19	3.051	0.837	1.127	678.7	0.547	20.39
YEN	3.466	4.905	12.47	1000.	38.05	10.44	14.06	8463.	6.821	254.2
F Fr.	0.911	1.289	3.277	262.8	10.	2.744	3.694	2224.	1.793	66.82
S Fr.	0.332	0.470	1.194	95.77	3.644	1.	1.346	810.5	0.653	24.35
H Fl.	0.247	0.349	0.887	71.15	2.707	0.743	1.	602.1	0.485	18.09
Lira	0.410	0.580	1.473	118.2	4.496	1.234	1.661	1000.	0.806	30.04
C $	0.508	0.719	1.828	146.6	5.578	1.531	2.060	1241.	1.	37.27
B Fr.	1.363	1.929	4.906	393.3	14.97	4.107	5.528	3329.	2.683	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Dec. 10	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	11½-11¾	11⅝-11⅞	11¾-11⅞	11 13/16-11 15/16	11 13/16-11 15/16	11⅝-11¾
U.S. Dollar	7-8	8 1/16-8 3/16	8⅛-8¼	8-8⅛	8-8⅛	8 1/16-8 3/16
Can Dollar	8⅛-8½	8⅝-8⅞	8⅞-9⅛	9-9¼	9-9¼	9¼-9½
D Guilder	5¼-5⅜	5¼-5⅜	5 7/16-5 9/16	5 7/16-5 9/16	5⅞-6	5 15/16-6 1/16
Sw. Franc	2-2¼	1⅝-1⅞	4¼-4⅜	4⅛-4¼	4⅛-4¼	4 5/16-4 7/16
Deutschmrk	4½-4⅝	4⅝-4¾	4¾-4⅞	4¾-4⅞	4¾-4⅞	4⅞-5
Fr. Franc	8⅞-9¼	9-11	12-12⅜	12½-13	12½-13	11½-12
Italian Lire	15-25	24-30	20½-23	17¼-18½	16-17	15½-16¼
B.Fr.(Fin)	8⅜-8⅝	8½-8¾	8 9/16-8 13/16	8 9/16-8 13/16	8 9/16-8 13/16	8½-8¾
Br.Fr.(Con)	8⅜-8⅝	8¾-9	9-9¼	9-9¼	8⅞-9¼	8¾-9
Yen	8-8½	8 1/16-8 3/16	8 5/16-8 7/16	7⅞-8	7⅜-7½	7-7⅛
D. Krone	9¼-9¾	9¼-9¾	9¼-9¾	9-9½	9-9½	9¼-9¾
Asian $ (Sng)	8-8⅛	8 1/16-8 3/16	8⅛-8¼	8-8⅛	8-8⅛	8 1/16-8 3/16

Long-term Eurodollars: two years 8 11/16-8 15/16 per cent; three years 9-9¼ per cent; four years 9¼-9½ per cent; five years 9⅜-9⅝ per cent nominal. Short-term rates are call for US dollars and Japanese yen; others two days' notice.

CURRENCY MOVEMENTS

Dec. 11	Bank of England Index	Morgan Guaranty Change %
Sterling	77.9	−12.8
U.S. dollar	127.9	+16.8
Canadian dollar	81.6	−10.8
Austrian schilling	120.4	+5.8
Belgian franc	92.3	−9.6
Danish Kroner	83.0	−2.5
Deutsche mark	129.6	+11.1
Swiss franc	150.8	+12.2
Guilder	119.7	+6.6
French franc	69.6	−11.7
Lire	44.7	−19.8
Yen	177.2	+29.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Dec. 11	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.757902	0.607210
U.S.$	7½	1.08453	0.859202
Canadian $	9.32	*	1.20074
Austria Sch.	4	19.4160	15.4227
Belgian Fr.	8¾	56.2767	44.6871
Danish Kr.	7	10.0046	7.94118
D mark	4	2.76135	2.19397
Guilder	5	3.10877	2.46961
French Fr.	9½	8.43283	6.69920
Lira	15½	N/A	1494.68
Yen	5	220.878	175.277
Norway Kr.	8	8.36669	6.64722
Span'h Pta.	—	170.640	135.367
Swedish Kr.	10½	8.39326	6.67314
Swiss Fr.	4	2.30474	1.83268
Greek Dr'ch	20½	160.668	130.427
Irish Punt	—	N/A	0.710378

*C$/SDR rate for December 10: 1.51739.

OTHER CURRENCIES

Dec. 11	£	$
Arg'tina	1.1328-1.1351	0.8000-0.8010
Aus'alia	2.0625-2.0735	1.4610-1.4625
Brazil	13,742-13,823	9,705-9,755
Finland	7.8375-7.8565	5.5305-5.5325
Greece	214.56-219.07	149.74-152.87
H'kong	11.0550-11.0750	7.8045-7.8065
Iran	123.60*	84.70*
Kuwait	0.4120-0.4126	0.29110-0.29120
Lux'burg	73.30-73.40	51.80-51.90
Malay'sia	3.4450-3.4550	2.4305-2.4325
N'Z'land	2.5710-2.5785	1.8150-1.8180
Saudi Ar.	5.1680-5.1780	3.6511-3.6518
Sin'pore	3.0125-3.0285	2.1250-2.1270
S.Af.(Cm)	3.7675-3.7830	2.6695-2.6705
S.Af.(Fn)	4.6440-4.8020	3.2785-3.3900
U.A.E	5.2000-5.2095	3.6720-3.6730

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu December 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.6871	−0.32	+1.02	±1.5425
Danish Krone	8.12857	7.94118	−2.31	−0.97	±1.6421
German D-mark	2.23840	2.19397	−1.98	−0.64	±1.1455
French Franc	6.86402	6.69920	−2.40	−1.06	±1.3654
Dutch Guilder	2.52208	2.46961	−2.08	−0.74	±1.5162
Irish Punt	0.724578	0.710378	−1.96	−0.62	±1.6673
Italian Lira	1520.60	1494.58	−1.71	−1.33	±4.0856

Changes are for Ecu, therefore positive change denotes a week currency. Adjustment calculated by Financial Times.

FUTURES AND OPTIONS

Volatile trading

Sterling-based instruments lost ground in the London International *Financial Futures* Exchange yesterday while Euro-dollar prices were considerably higher. Three-month sterling *deposits* and *gilt contracts* suffered from sterling's continued fall in currency markets. There was some recovery from the day's low during the afternoon in reaction to reports that some central banks, notably the West German Bundesbank, were active in currency markets to curb recent dollar enthusiasm.

Although confined to relatively *small amounts, presence of the* central banks was enough to deter any determined attempt to push the dollar much higher. Euro-dollar prices were firmer, reflecting a softer cash market and hopes of a discount rate cut. A fall in the price of oil gave an improved outlook on the inflation front which also helped sentiment. The March price opened at 92.12, up from 92.06, but was then confined to a narrow range, meeting strong resistance at the day's high of *92.15 and finishing at 92.10.* Early trading in Chicago benefited from system repurchases operated by the Fed and by noon the *March price had* recorded an 18-point rise.

Three-month sterling deposits opened at 88.55 for March delivery, down from 88.57, and fell to a low of 88.34 before recovering to 88.39. The small recovery *was helped by some profit-taking* and a pause for breath after the recent sharp decline. Dealers stressed that sterling's ability to resist falling through $1.40 would have a strong psychological effect, while others suggested that a seven-cent fall against the dollar over the past week was enough to reflect oil price fears and any further decline may leave sterling oversold.

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Dec	110-13	110-16	110-16	110-17
March	110-20	110-26	110-08	110-24
June	110-29	—	—	110-31

Estimated volume 5,364 (4,936)
Previous day's open int 5,186 (5,276)
Basis quote (clean cash price of 13¼% Treasury 2004-08 less equivalent price of near futures contract) −4 to +6 (32nds).

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev
Dec	96-19	—	—	96-29
March	96-30	90-40	96-18	96-43

Estimated volume 747 (446)
Previous day's open int 825 (839)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
Dec	88.08	88.20	88.03	88.17
March	88.39	88.56	88.34	88.57
June	88.81	88.96	88.80	88.97
Sept	89.02	89.16	88.95	89.15
Dec	89.00	89.00	88.95	89.10

Estimated volume 5,863 (5,019)
Previous day's open int 7,657 (7,554)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Dec	138.65	139.00	138.00	139.90
March	140.20	140.30	139.60	141.35

Estimated volume 606 (521)
Previous day's open int 2,762 (2,722)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Dec	91.90	91.94	91.91	91.90
March	92.10	92.15	92.09	92.06
June	91.95	92.00	91.95	91.91
Sept	91.70	91.72	91.70	91.63
Dec	91.41	91.41	91.41	91.34

Estimated volume 4,440 (5,214)
Previous day's open int 21,413 (21,362)

US TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	83-27	84.00	83-17	83-06
March	82-21	82-28	82-09	82-01
June	81-18	—	—	80-29

Estimated volume 4,143 (4,988)
Previous day's open int 3,368 (2,993)

CHICAGO

US TREASURY BONDS (CBT)
8% $100,00 032nds of 100%

	Latest	High	Low	Prev
Dec	83-24	84-02	83-19	83-10
March	82-17	82-28	82-10	82-03
June	81-12	81-26	81-07	80-31
Sept	80-12	80-21	80-05	79-30
Dec	79-15	79-25	79-11	79-00
March	—	78-26	78-17	78-06
June	78-03	78-04	78-02	77-15
Dec	78-26	—	—	76-10
March	—	—	—	75-27

US TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	—	92.89	92.86	92.87
March	93.11	93.17	93.10	93.09
June	93.01	93.06	93.00	92.99
Sept	92.78	92.81	92.76	92.74
Dec	92.49	92.51	92.46	92.44
March	92.21	92.23	92.21	92.16
June	91.96	91.99	91.95	91.91
Sept	91.71	91.74	91.71	91.66

CERT DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	—	92.19	92.17	92.16
March	92.44	92.47	92.44	92.40
June	—	—	—	92.24
Sept	—	—	—	91.96

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	91.90	91.93	91.90	91.88
March	92.11	92.15	92.08	92.07
June	91.95	92.00	91.94	91.92
Sept	91.68	91.74	91.68	91.65
Dec	91.38	91.43	91.38	91.35
March	91.60	91.15	91.10	91.07
June	90.82	90.86	90.82	90.79
Sept	90.54	90.59	90.54	90.52

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
90.00	1.90	2.10	1.97	—	0.00	0.00	0.02	—
90.50	1.40	1.60	1.49	—	0.00	0.00	0.04	—
91.00	0.90	1.12	1.05	—	0.00	0.02	0.10	—
91.50	0.40	0.67	0.67	—	0.00	0.07	0.22	—
92.00	0.03	0.31	0.36	—	0.13	0.21	0.41	—
92.50	0.00	0.10	0.16	—	0.60	0.50	0.71	—
93.00	0.00	0.02	0.06	—	1.10	0.92	1.11	—

Previous day's open int, Calls 2,854, Puts 3,281

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	21.40	21.40	21.40	—	0.00	0.04	0.61	—
1.25	16.40	16.40	16.40	—	0.00	0.20	1.32	—
1.30	11.40	11.40	11.40	10	0.00	0.70	2.50	—
1.35	6.40	6.88	8.13	—	0.00	1.83	4.28	201
1.40	1.58	3.94	5.56	218	0.28	3.89	6.71	364
1.45	0.02	1.89	3.63	435	3.72	6.94	9.78	180
1.50	0.00	0.88	2.26	680	8.70	10.83	13.41	55

Previous day's open int, Calls 9,442, Puts 17,511

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last Dec	Jan	Feb	Vol	Puts—Last Dec	Jan	Feb	Vol
1.20	22.00	—	—	—	0.10	—	—	—
1.25	17.00	—	—	—	0.10	—	—	—
1.30	12.00	—	—	—	0.10	—	—	—
1.35	7.00	7.20	7.50	—	0.10	0.45	1.00	91
1.40	2.20	2.80	4.00	14	0.55	1.40	3.00	41
1.45	0.20	0.90	1.60	77	3.40	4.50	6.00	56
1.50	0.10	0.30	0.75	1	8.40	8.80	9.50	—

Previous day's open int, Calls 8,381, Puts 10,448

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last Dec	Jan	Feb	Vol	Puts—Last Dec	Jan	Feb	Vol
1.20	—	—	—	—	—	—	—	—
1.25	—	—	—	—	—	—	—	—
1.30	11.50	—	—	15	—	—	0.50	50
1.35	—	—	—	—	—	0.45	1.10	139
1.40	2.35	—	—	50	0.45	2.00	2.85	797
1.45	0.10	0.75	—	441	3.50	5.20	5.60	779
1.50	—	—	0.55	100	—	—	—	—

Previous day's open int, Calls n/a, Puts n/a.

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4150	1.4108	1.4023	1.3901	1.3713

IMM—STERLING $s per £

	Latest	High	Low	Prev
Dec	1.4160	1.4250	1.4050	1.4320
March	1.4025	1.4125	1.3920	1.4200
June	1.3930	—	1.3900	1.4090
Sept	1.3850	—	1.3850	1.4020
Dec	1.3820	1.3820	1.3820	1.3930

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.4005	1.4185	1.3947	1.4220
June	1.3885	—	—	1.4105
Sept	1.3795	—	—	1.4015
Dec	1.4130	1.4333	1.4060	1.4345

Estimated volume 678 (1,049)
Previous day's open int 3,781 (3,897)

LIFFE—DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.3964	0.3972	0.3946	0.3974
June	0.3995	0.3997	0.3997	0.4007

Estimated volume 95 (52)
Previous day's open int 241 (231)

STERLING INDEX

	Dec 11	Previous
8.30 am	78.9	79.3
9.00 am	79.0	79.4
10.00 am	78.9	79.4
11.00 am	78.6	79.3
Noon	78.8	79.3
1.00 pm	78.4	79.2
2.00 pm	77.7	78.9
3.00 pm	78.1	79.1
4.00 pm	77.9	78.9

MONEY MARKETS

Sterling's weakness prompts further rise

UK interest rates continued to rise yesterday as sterling lost ground. *Three-month interbank* money edged up to 11¾-11⅞ per cent from 11 11/16-11 13/16 per cent as sterling sank to a seven month low on its exchange rate index. Three month eligible bank bills were bid at 11 15/32 per cent un*changed from* Tuesday and close to the Bank of England's dealing rate. Overnight interbank money traded between 11 per cent and *12 per cent for most of the day.*

The Bank gave assistance in the morning of £153m through outright purchase of £5m of eligible bank bills in band 1 at 11⅞ per cent and £55m in band 2 at 11 13/16 per cent. In band 3 it bought £5m of *Treasury bills* and £46m of eligible bank bills all at 11¾ per cent and in band 4 £3m of Treasury bills and £39m of eligible bank bills all at 11 11/16 per cent.

The Bank of England forecast a shortage of around £900m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £689m and Ex*chequer transactions* a further £20m. There was also a rise in the note circulation of £190m. These were partly offset by bank's balances brought forward £5m above target.

The forecast was later revised to a shortage of around £850m before taking into account the early help and the Bank gave additional assistance in the after*noon of £554m. This comprised* purchases of £6m of eligible bank bills in band 1 at 11⅞ per cent and £160m of eligible bank bills in band 2 at *11 13/16 per cent. In* band 3 it bought £8m of Treasury bills, £5m of local authority bills and £191m of eligible bank bills all at 11¾ per cent. In band 4 it bought £39m of local authority bills and £145m of eligible bank bills all at 11 11/16 per cent. Late assistance came to £80m, making *a total of £787m.*

In Frankfurt call money was quoted at 4.45-4.55 per cent compared with 4.5-4.6 per cent as liquidity increased after the Bundesbank's latest repurchase facility. Commercial banks were credited with DM 11.7bn, replacing a maturing facility of DM 8.9bn. However, there are fears that tax payments falling due may be larger than expected and the authorities are probably anxious not to allow a build-up of pressure on short-term interest rates.

UK clearing banks base lending rate 11½ per cent since July 30

NEW YORK RATES

(Lunchtime)

Prime rate	9½
Broker loan rate	9
Fed funds	8
Fed funds at intervention	8
Treasury Bills & Bonds	
One-month	6.18
Two-month	7.19
Three-month	7.28
Six-month	7.39
One-year	7.52
Two-year	8.04
Three-year	8.28
Four-year	8.57
Five-year	8.73
Seven-year	9.06
10-year	9.24
30-year	9.56

MONEY RATES

Dec. 11	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'ntion
Frankfurt	4.45-4.55	4.75-4.90	4.75-4.90	4.75-4.85	4.75-4.90	5.5
Paris	8⅞	8 11/16-8 13/16	8 11/16-8 13/16	8 11/16-8 13/16	8 11/16-9 1/16	8¾
Zurich	⅞-1⅛	4-4⅛	—	4 4⅛	—	—
Amsterdam	5-5¼	5⅜-5⅞	—	5¾-5⅞	5 11/16-5 13/16	—
Tokyo	8.40625	8.37500	—	7.90625	—	—
Milan	14¾-15	15¼-15½	—	14⅞-15	—	—
Brussels	7.35	8-8	—	8½-8⅝	—	—
Dublin	—	10-10½	10 5/16-10 9/16	10 5/16-10 9/16	10 5/16-10 9/16	—

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec. 11)

Three months U.S. dollars		Six months U.S. dollars	
bid 8	offer 8 1/8	bid 8	offer 8 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust

LONDON MONEY RATES

Dec. 11	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11-12	11 5/16-11¾	11⅝-11 13/16	11 11/16-11⅞	11½-11 11/16	11⅜-11 11/16
Sterling CDs	—	—	11⅝-11¾	11⅝-11¾	11½-11⅝	11½-11⅝
Local Authority Depos	11⅛-11⅜	11⅝	11⅝	11¾	11¾	11⅞
Local Author'y Bonds	—	—	12⅛	12⅛	12	11⅞
Discount Mkt Depos.	11-11⅝	11¼-11⅜	11½	11¼	—	—
Company Depos	11¼-11½	11⅝	11⅝-11⅞	12	—	—
Finance Hse Depos	—	—	11⅞	11⅞	11¾	11⅞
Treasury Bills (Buy)	—	—	11 5/16	11⅜	—	—
Bank Bills (Buy)	—	—	11⅜	11 13/16	11¾	—
Fine Trade Bills (Buy)	—	—	11 15/16	11 15/16	11⅞	—
Dollar CDs	—	—	3.00-8.05	7.95-8.00	7.95-8.00	8.10-8.15
SDR Linked Depos	—	—	8⅛-8⅜	8⅛-8⅜	8-8¼	7⅞-8⅛
ECU Depos	—	—	9⅛-9⅜	9⅛-9½	9⅛-9½	9½-9¾

Treasury Bills (sell): one-month 11⅛ per cent; three-months 11⅛ per cent. Bank Bills (sell): one-month 11 7/16 per cent; three-months 11 5/16 per cent. Treasury Bills: Average tender rate of discount 11.1095 per cent. ECGD Fixed Finance Scheme IV reference rate November 6 to December 3 (inclusive): 11.612 per cent. Local authority and Finance Houses seven days' notice, others seven *days' fixed. Finance Houses Base Rate 12 per cent from December 1, 1985.* Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (nil). Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11½ per cent; three-six months 11½ per cent; six-nine months 11½ per cent; nine-12 months 11½ per cent. Under £100,000 10½ per cent from December 12. Deposits held under Series 5 11½ per cent. Deposits withdrawn for cash 7½ per cent.

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101⅛	99⅜	Exch. 11¼pc '86	99 19/32		11.76	11.65
99 11/16	96¼	Treas 10pcCnv 1986	99 13/32		10.06	11.72
96 13/16	92¼	Treas 3pc 1986	96 13/32		3.11	11.03
100	97½	Exch. 10½pc 1986	99 13/32	–¼	10.56	11.61
101⅞	99¼	Treas 12pc 1986	100⅛xd		11.99	11.77
98 11/16	94¼	Treas 8¾pc 1984-86‡‡	98⅝xd		8.64	11.65
105 3/16	101⅞	Exch. 14pc 1986	101⅞	–⅛	13.74	11.62
94 11/16	87¼	Exch. 2½pc 1986	94¼		2.64	8.40
104 3/16	101 7/16	Exch 13¼pc 1987	101 7/16	–⅛	13.06	11.72
99 11/16	96⅝	Treas 10½pcCv '87	98 3/16		10.40	11.50
93⅛	85½	Exch 2½pc 1987	92¼		2.69	8.96

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

1985 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
51¼	34	Amer. Cyanamid $5	41	+2	$1.90	—	3.3
40⅝	28¼	Amer. Express $0.60	36½xd	+⅝	$1.36	—	2.5
22⅞	11⅝	Amer Medical Int $1	13⅞xd		72c	—	3.6
20⅝	14	American T. & T. $1	17	+⅛	$1.20	—	4.7
79½	61¼	Ameritech $1	71⅞	+2	$6.60	—	6.2
25	15½	Amfac‖	16½	+⅛	—	—	—
47p	20½p	♦AmdTech‖	30p	+¼	—	—	—
18⅛	919p	Bankamerica $1 9/16	945p	–12	80c	—	5.7
60¼	41⅞	Bankers N.Y. $10	50⅞xd	+1½	$2.70	—	3.6
12⅛	477p	BASIX Corp	663pxd	+19	12c	—	1.2
80⅛	60¼	Bell Atlantic $1	73⅛	+1⅜	$6.80	—	6.2
34¼	26⅞	Bellsouth $1	32⅛	+⅛	$2.80	—	5.7
19¼	869p	♦Beth Steel $8	11		—	—	—
24	14⅞	Bowater Inc.	16⅛		72c	—	2.9
42⅛	31¼	Brown'g-Fer. 16⅔c	42⅛xd	+⅛	$1.28	—	2.0
37¼	23⅞	Brunswick Corpn.‖	30	+⅛	$1.00	—	2.2
39⅞	29⅝	CPC Intnl. 25c	36⅝	+½	$2.20	—	4.0
25	16¼	CSX Corp U S $1.00	20½	+⅛	$1.16	—	3.8
19½	11⅛	CalFed Inc $1.00	19½	+1¼	32c	—	1.1
38⅞	25	Campbell Soup 30c	36⅝	–1⅛	$1.32	—	2.4
31⅝	23⅛	Caterpillar Tractor‖	28⅝	+½	50c	—	1.2
902p	551p	Cenergy Corp. 25c	565p	+9	40	—	0.5
52¼	34⅝	Chase M'hatn $12.5	46¼	+⅛	$3.80	—	5.5
38¼	23⅝	Chemical New York	31⅛xd	+⅛	$2.48	—	5.3
34½	22	Chesebrough Pond's $1	29¼	+⅛	$2.00	—	4.6
32⅛	24⅜	Chrysler $6¼	30	+⅛	$1.00	—	2.2
42¼	27⅞	Citicorp $4	33⅛	+⅛	$2.26	—	4.5
10½	662p	CityFed Fin. Corp.	760p	+12	40c	—	3.5
23½	18¼	Colgate-P. $1	21⅛	+⅛	$1.36	—	4.3
57⅝	41	Colt Inds. $1	45⅝xd	+⅞	$2.50	—	3.7
27⅞	19⅛	Cons Freightwys $0.625	27⅝	+⅛	$1.10	—	2.7
681p	440p	Conti Illinois Corp $1	592p		—	—	—

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
		Group 10p	235		α2.32	3.7	1.4	27.1
		cock Intl.	175	+1	†8.0	1.7	6.5	(10.8)
		ley (C. H.)	24		—	—	—	♦
		er Perkins 50p	220	–3	♦6.75	2.6	4.4	12.0
		ro Inds. 20p	132		N5.5	2.6	6.0	8.9
		rican Hldgs 1p	3¼xd		8—	—	—	—
		ford 10p	97		†4.5	2.5	6.6	8.8
		an (D.F.) 5p	26	–1	1.25	3.1	6.9	5.7
		ed Qualcast	84	–2	†3.25	1.9	5.5	6.8
		ningham Mint	112xd		†h5.75	2.2	7.3	8.5
		k & Decker $0.50	£13½xd	+⅛	Q64c	—	3.2	—
		rwood Hodge	34		—	—	—	9.1
		lton Wm 10p	9	+½	—	—	—	—
		thwaite £1	98	–4	‡9.1	0.3	‡	—
		way 10p	65		2.0	3.6	4.5	10.9
		ol Ch.Ship10p	3½		—	—	—	7.6
		Sicam 20p	148	–4	6.25	2.3	6.0	10.4
		sgrove Inds 5p	32xd		†1.0	3.1	4.5	(8.0)
		x Eng. 10p	17½	–½	0.5	—	4.1	—
		ke Tool	25		1.0	3.8	5.7	5.5
		n (John)	25	–1	—	—	—	—
		ugh 20p	205		7.1	2.5	4.9	11.6
		ess Products	150	–2	2.0	4.4	1.9	14.3
		ford Eng.	57½		1.05	4.2	2.6	9.8
		nseal Inc.	10		—	—	—	—
		o Eng.	260	–3	12.0	3.2	6.6	6.2
		wright R. 10p	165		♦6.5	2.1	5.6	10.7
		ngs 10p	48xd		†h2.5	2.6	7.4	7.3
		berlin & Hill	60xd		3.5	3.0	8.3	5.7
		wing 5p	533xd		†10.0	3.8	2.7	13.9
		ty Hunt	41		—	—	—	♦
		on Son 50p	98		6.0	2.2	8.7	7.6

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
70	53	Stakis 10p	67		1.2	♦	2.6	♦
162	119	Trusthouse Forte	157	–3	†4.75	1.7	4.3	16.8

INDUSTRIALS (Miscel.)

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
185	119	AAH	166	–2	6.79	1.8	5.8	13.2
£15½	925	AGA AB K25	£14⅝		Q...	2.4	1.1	39.7
255	175	AGB Research 10p	218	–2	6.5	1.1	4.3	29.0
124	92	AIM 10p	98	–5	5.75	1.5	8.4	11.0
130	48	♦Aarcorde Group	48		2.8	3.1	8.3	5.5
112	73	Aaronson Bros. 10p	94	–2	4.2	1.9	6.4	11.0
116	50	Abbey	114		♦b25⅝	2.6	5.6	10.8
111	91	♦Abbeycrest 10p	99	+2	α2.5	♦	3.6	♦
58	25	Aberfoyle Hldgs. 5p	47	–1	—	—	—	—
209	125	Alexanders W'wear 10p	206	–2	... 4.5	2.3	3.1	19.4
£23⅛	£15⅞	Alfa-Laval AB'B'SK50	£23⅝		Q18%	1.0	3.5	29.4
25½	15½	Allied Plant 5p	20½		5—	—	—	18.9
143	115	Amari	120	–5	†6.0	3.3	7.1	8.1
145	85	Amber Ind. 10p	135	–5	†6.0	3.1	6.3	7.2
£17½	£10⅛	Amer Group FM20	£15⅛		Q17.5%	♦	3.6	♦
116	32	Ang. African Fin 7½p.	52		—	—	—	8.1
35	23	Anglo Nordic	27		1.4	3.2	7.4	5.2
370	86	Appledore (A & P) 10p	264		♦4.57	2.3	2.5	24.6
42	24	Arenson 10p	38		8—	—	—	6.7
26½	15½	Armour Trust 10p	22½xd		0.2	7.0	1.3	11.6
88	14	Ashley Ind. Tst.	68	–1	—	—	—	45.6
14½	3	Assoc. Br. Eng. 1p	5½		—	—	—	—
250	140	Do. 8pcCumCvRdPf	210	+2	8%	—	5.4	—
413	180	Assoc Brit Ports	368	–2	†8.5	0.8	3.3	—
87	20	♦Assoc. Energy 5p	22		1.0	3.6	6.5	6.1
405	303	Assoc Heat Services	393xd	–2	†11.0	2.3	4.0	15.7
185	165	♦Assoc Steel Dist £1	185		α8.0	2.1	6.2	9.4

هكذا من الأصل

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
240	146	M'Carthy Ph. 20p	240	–3	8.2	2.0	4.9	14.6
150	87½	Macfarlane Gp.	123		†h2.16	3.1	2.5	17.3
47	34	Maclellan (P & W) 20p	41		†1.7	2.3	5.9	8.5
88	46	Magnolia Group	88		2.6	3.0	4.2	10.7
60	28	Maunmet Hldgs 10p	56		—	—	—	91.4
515	202	Man. Ship Can. £1	499	+14	5.5	3.5	1.6	26.2
123	70	Marley	114	–2	3.75	2.2	4.7	13.8
107	52	Marling Ind. 10p	90	–2	†d1.5	5.1	2.4	11.4
82	36	Marshall L'ry 'A'	70		†2.4	4.9	4.9	5.0
77	55	Marshall's Universal	68	–1	†2.0	1.4	4.2	(21.6)
89	78	Do. 7½pcCnRedPf £1	85	–1	7½%	—	12.6	—
£110	£81	Mathesons 7¾%	£110		Q7¾%	2.3	17.2	—
35	15	Maxpr... 1p	20	+1	—	—	—	—
551	375	Metal Box £1	518	–2	17.25	3.0	4.8	8.1
170	110	Metal Closures	152		6.7	2.0	6.3	9.5
17	3	Metal Sciences 2½p	4½	–½	—	—	—	—
104	63	Midland Marts	80		4.0	2.1	7.1	9.6
*83½	55½	Mitchell Cotts	67	–½	4.25	2.0	9.1	(6.8)
230	182	Morgan Crucible	198	+1	†8.0	1.6	5.8	13.7
33	18	Morris (W) F ... 20p	18	–½	g0.5	♦	4.0	♦
131	91	Moss (Robt.) 10p	110		†3.0	2.7	3.9	11.8
81	60	Myson Grp 10p	65		g2.5	3.4	5.5	12.3
330	214	NMW Computers	330		†h4.8	2.7	2.1	25.4
43	27	Nash Inds.	27		‡2.5	1.5	‡	6.2
48	15	Neil & Spencer 10p	16		←	—	—	4.8
44	14½	Newman Inds 10p	29		20.3	—	1.5	(13.7)
57	26	Nobon	52	–2	0.95	2.6	2.6	19.7
216	146	Norcros	192	–7	†8.6	2.0	6.5	9.5
67	45	Nu-Swift 5p	48		†3.0	1.9	8.9	7.8
114	68	Oakwood Grp	90	–2	†d4.5	1.4	7.1	(13.2)
250	150	Office & Elect	207		†7.5	2.6	5.2	10.6
108	75	Oldacre 20p	80	–3	4.0	2.6	7.1	7.1
58	37	Optometrics $0.01	37		ud02c	—	4.2	—
525	312½	Oriflame £1	525		†23.4	1.8	4.5	12.4
18	5½	Owenstone 12½c	9		g03.23c	1.9	9.2	5.7

[illegible]

LEISURE—Continued

1985 High	Low	Stock	Price
37	24	Campari Int. 20p	[illegible]
213	177	Central TV N/V 50p	[illegible]
235	170	Chrysalis	[illegible]
52	7	Entertain Prod 5p	[illegible]
100	50	Fairline Boats 10p	[illegible]
422	278	First Leisure £1	[illegible]
69	51	GRA Group 5p	[illegible]
32	25	Grampian TV A 10p	[illegible]
35	10	Greenwich Cable Comm	[illegible]
175	117	HTV Non/Vtg.	[illegible]
148	78	Horizon	[illegible]
140	95	Intnl Leisure 10p	[illegible]
232	72	Julianas Hldgs 2p	[illegible]
300	217	LWT	[illegible]
*36½	23½	Leisure Inv 10p	[illegible]
65	53	Leisuretime Int 10p	[illegible]
115	98	Lewmar	[illegible]
183	153	Media Tech Int 20p	[illegible]
205	124	Medminster 10p	[illegible]
280	160	Miss World 10p	[illegible]
127½	68	Nationwide Leisure	[illegible]
39	10½	Nimslo Int 20c	[illegible]
27	19½	Owners Abroad	[illegible]
54	36	Photax (Lon.)	[illegible]
29	18	P'dilly Radio NV 5p	[illegible]
90	30	Pineapple Dnc St 10p	[illegible]
342	183	Pleasurama 5p	[illegible]
161	109	Do. 7pcCvCmRedPf	[illegible]
96	77½	Pres Entertain 50p	[illegible]
65	18	Radio City 'A' NV	[illegible]
55	35	Radio Clyde N/V	[illegible]
63	34	Riley Leisure 10p	[illegible]
195	143	Saga Hols. 20p	[illegible]
*289	97	Samuelson Grp 20p	[illegible]
111	25	Sangers Photo 10p	[illegible]

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

MINES—Continued

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
215	115	Hampton Areas 10p	140	–5	3.75	0.9	[illegible]
260	135	Highwood Res	145		—	—	[illegible]
£22½	£15¾	Homestake Mining $1	£15⅞	+⅛	Q20c	—	[illegible]
310	155	McFinley Red Lake	230	+5	—	—	[illegible]
335	195	Muzio Explorations	245		—	—	[illegible]
55	23	New Sabina Res C$1	45	+1	—	—	[illegible]
375	195	Northgate C$1	230	+5	—	—	[illegible]
685	507	RTZ	512	–5	†20.0	2.8	[illegible]
£145½	£114½	Do. 9½pcLn '95-2000	£116½		Q9½%	14.0	[illegible]
980	850	Tara Exptn $1	862		—	—	[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ✤ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ₹ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ß No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. [illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p	102	
Craig & Rose £1	800	
Finlay Pkg. 5p	46	
Holt (Jos) 25p	700	–10
IoM Stm £1	79	
IRISH		
Fund 11¼% 1988	£100⅛	–¼
Nat. 9¾% 84/89	£95½	–⅛
Fin 13% 97/02	£105½	
Arnotts	225	
CPI Hldgs.	59xd	
Carroll Inds.	153	
Dublin Gas	75	
Hall (R. & H.)	52	
Heiton Hldgs	23½	
Irish Ropes	45	
Unidare	130	

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LONDON STOCK EXCHANGE

MARKET REPORT

Oil price fears inflict further damage and FT index falls 12 points more to 1103.7

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov 25	Dec 5	Dec 6	Dec 16
Dec 9	Dec 19	Dec 20	Jan 6
Dec 23	Jan 9	Jan 10	Jan 20

* "New-time" dealings may take place from 9.30 am two business days earlier.

Another steep fall in crude oil prices inflicted further damage on sterling which in turn exerted fresh downward pressure on London stock markets yesterday. Bonds and equities were destined to open easier following the Prime Minister's overnight rejection of lower interest rates for the time being because of the currency situation.

A gloomy Press on the overall scene and confusion over the latest money supply statistics gave investors further cause to remain liquid. Profit-taking was generally light with the downturn largely the result of dealers marking prices down. Consumer-oriented stocks came under a cloud as hopes receded of record Christmas spending. Brewery issues were affected for the same reason.

Few areas of the market emerged unscathed, however, and for the eighth consecutive session falls outnumbered rises among FT-quoted industrials. The FT Ordinary Share Index steadied towards the close to end a net 12.0 down at 1103.7.

The early announcement that the large Cable and Wireless offer-for-sale had been oversubscribed failed to restore confidence which was deflated further by advice that a leading merchant bank was cautious about the equity market's prospects. News of good corporate results similarly made little impression on sentiment; Tate and Lyle produced preliminary figures slightly better than some forecasts but still closed 22 lower on the day at 546p.

Gilt-edged stocks followed the pound but longer issues eventually halved their falls to close ½ easier on balance. The interest rate-sensitive shorter end of the market encountered slightly heavier sales and selected stocks gave up $\frac{5}{16}$. Index-linked Gilts remained out of favour because of increased chances of lower inflation and settled with falls ranging to ½.

Life issues dull

Insurances featured renewed weakness in Life issues which fell sharply across a broad front ahead of the Government's White Paper on pensions and social security which is scheduled for release on Monday. Abbey Life, particularly vulnerable of late to vague rumours of a Boardroom rift, lost 7 more to stand at a 1985 low of 184p, a far cry from its highly successful market debut in June when the shares attained a 55p premium on the offer-for-sale price of 180p in hectic first-time dealings. Pearl declined ⅜ to £12⅜, while falls of around 15 were seen in Equity and Law, 240p, Legal and General, 733p, Sun Life, 822p and Prudential, 750p.

Barclays, 13 down at 428p, led the retreat in the major clearing banks. The prospect of a further long period of high interest rates depressed Discount Houses where Gerrard and National declined 13 to 265p. Elsewhere, Goode Durrant and Murray, at 97p, lost half of the previous day's speculative rise of 12 following profit-taking.

Scottish and Newcastle halved an earlier fall of 4 to close at 175p as its offer for Blackburn-based Matthew Brown was declared partly unconditional. Brown were immediately marked up to 560p to match the share-exchange terms, but later eased to 557p, a net gain of 9. Other leading Breweries were again content to drift lower in subdued trading. Bass eased 17 more to 640p, while Whitbread A dipped 7 to 242p and Guinness gave up 9 to 277p. Further consideration of the respective preliminary figures left Greenal Whitley 5 lower at 162p, and Vaux 12 off at 358p.

Elsewhere in the drinks sector, H.P. Bulmer, the cider makers, fell 10 to 138p in reaction to the slightly disappointing first-half figures.

Leading Buildings gave ground at the outset before steadying at the lower levels. Closing falls were usually modest, but RMC were a dull feature at 458p, down 8, while Blue Circle settled 6 lower at 557p. Redland were 4 easier at 334p and Tarmac a couple of pence off at 376p. Elsewhere, French Kier, a firm market on Tuesday on hopes that C. H. Beazer would increase its bid for the company, eased 3 to 257p in the absence of any further developments. Profit-taking clipped 5 from recent high-flyer Thomson T-Line Caravans, at 90p, while Bett Brothers shed 6 to 73p in the wake of the aborted bid approach. The poor interim results prompted a reaction of 20 to 130p in BB & EA, while renewed profit-taking left McCarthy and Stone the same amount lower at 240p.

Sterling's latest reaction against the US dollar failed to provide ICI with fresh impetus and the close was a shade cheaper at 731p. Elsewhere in the Chemical sector, Plysu found support and gained 8 to 187p; the interim results are due on December 17.

Stores weaken afresh

For the second successive trading session, leading Retailers displayed sizeable losses, which, although not as pronounced as on Tuesday, still extended into double figures. Gussies A, 14 cheaper at 845p, were nervously sold ahead of today's half-timer, while similar falls were evident for Woolworth, 512p, and W. H. Smith A, 278p. Dixons declined 18 for a two-day drop of 55 at 869p. Mail orders closed above worst levels with Freemans a net 6 off at 340p, after 336p. Etam encountered fresh offerings and slumped 10 more to 196p, while Ward White closed 8 down at 258p. NSS Newsagents dipped 6 to 98p in reaction to the reduced full-year profits.

Shoes and Leather counters also gave ground, notably FII, finally 15 off at 285p, and Garnar Booth, 8 cheaper at 165p.

Plessey rose 4 to 178p on hopes of an increased bid following its strong rejection of GEC's formal offer of around 163p per share; GEC hardened a couple of pence to 174p. Thorn EMI improved 5 to 412p in response to comment on the £110m management buy-out of its Screen Entertainment division, while Cable and Wireless recovered from an initial dull level of 585p to finish 5 better on balance at 595p following the announcement that the offer-for-sale had been oversubscribed. British Telecom held the overnight level of 194p awaiting today's interim figures. Among secondary Electricals, First Castle, currently in receipt of an unwelcome bid from Morgan Crucible, rose 7 to 152p. Tunstall Telecom put on 10 to 200p in reply to the annual results, while Northamber improved 5 to 240p following the interim figures and confirmation of a full listing. Amstrad came on offer at 180p, down 6, while losses of between 8 and 10 were sustained by MicroScope, 117p, Microgen, 310p, and Microvitec, 20p.

Apart from Vickers, which reacted 9 further to 294p, leading Engineers ended the day with little alteration. Elsewhere, Tex Holdings responded to the good half-year figures with a rise of 8 at 108p, but the reduced annual dividend and earnings prompted a fall of 10 to 21p in Frederick Cooper. Revived speculative activity prompted a rise of 10 to 150p in Thomas Robinson. Spencer Clark rose 7 to 120p in front of today's preliminary figures; the company recently received a bid approach from Metal Industries. TI came on offer at 376p, down 11, while profit-taking clipped 7 from Wire and Plastic at 313p. Spear and Jackson eased 6 to 246p; it was announced yesterday that James Neill purchased 40,000 Spear and Jackson shares at 255.5p.

Foods suffered a defensive mark-down at the outset on worries about consumer spending prospects. United Biscuits, a firm counter on Tuesday on hopes that another bidder may emerge for the company following Hanson Trust's move to thwart its merger with Imperial Group, hardened 3 to 253p, after 248p; UB warrants closed a penny dearer at 119p; after 115p. Among Retailers, ASDA-MFI drifted off to close 4 cheaper at 114p and J. Sainsbury lost 6 to 368p. Dee Corporation gave up 8 at 255p and Tesco softened a couple of pence to 280p.

Norcros, reflecting comment on the half-year figures, eased 7 to 192p, but Flexello responded to the increased annual dividend and profits with a rise of 6 at 88p. Pearson, following the previous day's bout of speculative activity, moved between extremes of 410p and 430p before settling 8 lower at 420p. Good interim results left Havelock (Europa) 7 better at 180p, but Saudi Tornado contract worries unsettled British Aerospace which gave up 12 to 441p. Christies International, a recent takeover favourite, fell away to 283p before rallying to close 10 down on balance at 290p. English China Clays, awaiting today's preliminary figures, shed 6 to 283p. Acquisition news left Amari 5 cheaper at 120p, while Granada eased a couple of pence to 218p following the annual results which were in line with general expectations. Manchester Ship Canal advanced 14 to 499p; it was announced yesterday that Highams had increased its stake in the company's Preference shares to 18.8 per cent. Glaxo, a firm market on Tuesday' in response to currency influences, ran back ¼ to £15¼, while BTR lost 7 to 293p. Pilkington Bros. eased 5 more to 293p in front of today's interim figures.

Casino group Aspinall Holdings, a firm counter of late on takeover hopes, ran back 13 to 155p on the withdrawal of speculative support. On the other hand, Barr and Wallace Arnold Trust A attracted revived demand and gained 11 to 125p.

The Property leaders displayed scattered falls. Land Securities gave up 5 to 295p and Peachey shed 6 to 261 on lack of interest. Elsewhere, Southend Stadium gained 5 to 96p on the announcement that Yelverton had sold its 28.5 per cent stake to Larches Securities, a private property development company, at 100p per share.

Among Financial Trusts, Kakuzi rose 10 for a two-day advance of 28 to 85p as Kenya's Central Bank gave its approval for the remittance of the final dividend to non-resident shareholders; the last payment to overseas-holders was in September 1983.

Oils under pressure

Oil shares followed the erratic trend in crude oil markets. The leaders were marked down sharply at the outset but picked up in mid-morning before retreating afresh in the afternoon. BP fell away to around 530p prior to ending the session a net 5 off at 535p while Shell dipped to a 1985 low of 620p before settling only a couple of pence down at 628p. Britoil gave up 2 to 210p, after 206p, and LASMO eased 3 to 230p, after 221p. IC Gas were a steady market around 315p during the morning, helped by the increased interim profits and dividend, but subsequently fell London interest was deterred by the decline in sterling.
away to close 7 lower at 305p. Secondary oils remained under persistent pressure and many slipped to their lowest this year.

South African Golds were quietly firm in dollar terms — early Cape support eventually gave way to persistent selling by US operators — but sterling quotations were marked higher as the pound retreated against the dollar.

FINANCIAL TIMES STOCK INDICES

	Dec. 11	Dec. 10	Dec. 9	Dec. 6	Dec. 5	Dec. 4	year ago
Government Secs	82.74	82.81	83.14	83.35	83.45	83.79	82.91
Fixed Interest	88.62	88.68	88.84	89.07	89.18	89.33	86.09
Ordinary ♥	1103.7	1115.7	1115.4	1117.6	1110.4	1115.9	922.3
Gold Mines	267.7	263.0	268.3	276.8	277.1	276.3	531.6
Ord. Div. Yield	4.50	4.41	4.43	4.42	4.44	4.41	4.66
Earnings, Yld. %(full)	11.16	†10.95	†10.99	†10.98	11.02	10.96	11.88
P/E Ratio (net) (*)	11.06	11.26	11.22	11.24	11.20	11.25	10.10
Total bargains (Est.)	24,891	29,143	27,943	30,097	28,331	24,219	32,528
Equity turnover £m.	—	485.84	696.75	637.62	666.81	745.74	371.89
Equity bargains	—	24,550	30,863	36,078	33,45.	23,356	44,106
Shares traded (ml)	—	233.0	398.6	307.5	319..	342.8	239.4

♥ 10 am 1103.9. 11 am 1104.7. Noon 1103.4. 1 pm 1103.8. 2 pm 1103.6. 3 pm 1104.7. 4 pm 1103.8.

Day's High 1110.4. Day's Low 1103.1.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=10.65.

† Corrected.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.57 (16/10)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.38 (25/10)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1146.9 (25/11)	911.0 (25/7)	1146.9 (25/11/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	217.6 (6/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Dec. 10	Dec. 9
Daily Gilt Edged Bargains	165.4	135.7
Equities Bargains	159.1	200.0
Equities Value	982.0	1408.3
5 day Average Gilt Edged Bargains	141.9	140.1
Equities Bargains	192.2	192.5
Equities Value	1306.8	1340.7

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec 2	Dec 13	Mar 6	Mar 17
Dec 16	Jan 3	Mar 26	Apr 7
Jan 6	Jan 17	Apr 10	Apr 21

For rate indications see end of Unit Trust Service

Money was given for the call of Plessey, Boots, Sound Diffusion, Oceonics, Energy Capital, Sharterhall, Premier Oil, Widney, Amber Day, Ladies Pride, Atlantic Resources, West Coast, Our Price, Aquarius, Pavion, C. H. Bailey, Lonhro, Aitken Hume, STC, Polly Peck, Parkfield, Brengreen and Fairline Boats. No puts or doubles were reported.

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (38)

AMERICANS (6)
Ahmanson; CalFed; Browning-Ferris; Pennzoil; Cons. Freightways; Woolworth

BANKS (3)
Commerzbank; Cie Bancaire; Deutsche Bank

BEERS (1)
Irish Distillers

BUILDINGS (5)
Cement-Roadstone; Ramus; Int. Amco Cpn.; Wilson (Connolly); Polypipe

CHEMICALS (1)
Alida

ELECTRICALS (3)
First Castle; Northamber; NEC Corpn.

ENGINEERING (3)
Firth (G. M.); Wood (S. W.); Spencer Clark

INDUSTRIALS (6)
Esselte AB; Tiphook; Havelock Europa; Unilever N.V.; Macarthys Pharm.; Waterford Glass

LEISURE (1)
Campari Intl.

PROPERTY (2)
Connells Est. Agents; Dencora

TRUSTS (7)
Drayton Japan; M & G 2nd Dual Inc.; General Funds; Robeco Sub. Shares; Do. Cnv.; Rolinco Sub. Shares; M & G Dual Inc.

NEW LOWS (81)

BRITISH FUNDS (6)
Exchqr. 14pc 1986; Treas. 2½pc 2009; Exchqr. 13¼pc '87; Treas. 2½pc 2013; Exchqr. 10½pc Cnv. 1989 (£40 paid); Treas. 2½pc 2020

INT. BK. & O'SEAS GOVT. STLG. ISS. (2)
Finland 14½pc Ln. 1986; Sweden 13½pc 1986

LOANS (2)
Nat'wide Bldg. Soc. 11⅞pc 15/9/86; Nat'wide Bldg. Soc. 11¾pc 20/10/86

AMERICANS (1)
US Steel

CANADIANS (1)
Breakwater Res.

BANKS (2)
Gerrard & Natl.; Union Discount

BUILDINGS (1)
Tysons (Contractors)

CHEMICALS (2)
Morley (R. H.); Scot. Agricl. Inds.

STORES (1)
Castle (G. B.)

ELECTRICALS (8)
Atlantic Computers; Oceonics; Automated Security; Prestwick; Microvitec; Telemetrix; Multitone Elects.; United Leasing

ENGINEERING (3)
Braithwaite; Fife Indmar; Cooper (F.)

FOODS (2)
Canvermoor; Sims Catering

INDUSTRIALS (9)
Caparo Inds. 8pc Cnv. Pf.; Kalamazoo; Morris (W.) Fine Arts; Chamberlain Phipps; Rooner; Combined Technol.; Do. A; Henara; Spong

INSURANCE (1)
Abbey Life

LEISURE (1)
Adam Leisure

NEWSPAPERS (1)
Home Counties

PAPER (5)
ATA Selection; McCorquodale; Chapman Inds.; Moorgate Group; LCA

SHOES (1)
Garnar Booth

TEXTILES (1)
Corah

TRUSTS (4)
First Charlotte Ass.; Viking Resources; Plantation Tst. Wts.; Authority Inv.

OILS (21)

PLANTATIONS (3)
Highlands Lowlands; Rowe Evans Inv.; Kuala Kepong

MINES (3)
Aust. Hydrocarbons; Greenwich Resources; Black Hill Minerals

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Aspinall	155	−13
Bass	640	−17
British Aerospace	441	−12
BP	535	− 5
Burmah Oil	272	− 7
Hill Samuel	330	− 5
Imperial Group	264	—
LASMO	230	− 3
Pearson	420	− 8
Rothmans Intl B	133	− 1
Shell Transport	628	− 2
Tate and Lyle	546	−22

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tues. close	Day's change
Boots	21	250	−13
ICI	20	734	+17
Utd Biscuits	20	250	+13
Brrosh Benzol	18	49	+ 9
Merivale Moore	18	126	—
Glaxo	17	£15⅛	+ ¼
Sound Diff	17	24	− 6
BAT Inds	16	300	+17
Ashley (Laura)	15	183	− 9
Pearson	14	428	+18
Woolworth	14	528	−19
Burton	13	531	−19

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Dec 11 1985 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Tues Dec 10 Index No.	Mon Dec 9 Index No.	Fri Dec 6 Index No.	Year ago (approx.) Index No.
67	Insurance (Brokers) (8)	1156.24	−0.3	7.32	3.73	18.28	30.86	1159.58	1128.38	1140.01	944.64
68	Merchant Banks (11)	282.80	−0.5	—	3.66	—	6.83	284.21	283.12	282.04	216.74
69	Property (51)	667.44	−0.7	5.87	3.70	22.75	17.40	671.96	674.69	678.47	634.69
70	Other Financial (24)	299.97	−0.6	10.20	5.70	12.11	11.59	301.75	299.63	299.79	256.86
71	Investment Trusts (105)	632.94	+0.2	—	3.44	—	15.06	631.70	630.21	631.72	556.54
81	Mining Finance (3)	242.87	−0.7	13.77	6.40	8.45	10.48	244.69	244.78	249.94	277.45
91	Overseas Traders (14)	585.50	−0.4	13.37	7.08	8.90	29.15	587.91	587.49	587.43	609.19
99	ALL-SHARE INDEX (738)	667.71	−0.9	—	4.42	—	19.50	673.49	674.75	679.89	572.59

	Index No.	Day's Change	Day's High	Day's Low	Dec 10	Dec 9	Dec 6	Dec 5	Dec 4	Year ago
FT-SE 100 SHARE INDEX	1377.4	−12.1	1380.6	1374.6	1389.5	1392.2	1401.9	1395.3	1399.6	1190.7

FIXED INTEREST

	PRICE INDICES	Wed Dec 11	Day's change %	Tues Dec 10	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	118.25	−0.09	118.35	—	10.91
2	5-15 years	131.44	−0.11	131.58	—	12.72
3	Over 15 years	137.19	−0.11	137.34	—	11.82
4	Irredeemables	149.69	−0.04	149.75	—	13.57
5	All stocks	129.45	−0.10	129.58	—	12.08
6	Debentures & Loans	110.50	−0.27	110.79	—	12.05
7	Preference	81.71	—	81.71	—	6.62
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	108.90	−0.33	109.26	—	2.69

	AVERAGE GROSS REDEMPTION YIELDS		Wed Dec 11	Tues Dec 10	Year ago (approx.)
	British Government				
1	Low	5 years	10.22	10.18	10.32
2	Coupons	15 years	10.35	10.33	10.26
3		25 years	10.36	10.34	9.79
4	Medium	5 years	11.21	11.17	10.99
5	Coupons	15 years	10.71	10.69	10.65
6		25 years	10.32	10.31	10.05
7	High	5 years	11.31	11.26	11.05
8	Coupons	15 years	10.85	10.83	10.81
9		25 years	10.50	10.48	10.19
10	Irredeemables †		9.82	9.81	9.71
11	Debs &	5 years	11.50	11.47	11.24
12	Loans	15 years	11.40	11.36	11.36
13		25 years	11.29	11.25	11.37
14	Preference †		11.87	11.87	12.61
15	Inflation rate	5%	3.78	3.76	3.27
16		10%	3.60	3.58	3.16

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 33,164

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −
2½	Nil	8/1	5pm	2½pm	Metal Sciences 2½p	5pm	
60	F.P.	23/12	64	52	Pavion Intl.	52	−1
32	F.P.	10/1	36	32½	Readicut 5p	32½	
260	Nil	24/1	190pm	105pm	Regalian Props.	105pm	−5
240	F.P.	20/1	285	268	Samuelson Grp. 20p	270	
187	Nil	8/1	36pm	24pm	Wedgwood	30pm	+2

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. H Dividend and Yield based on prospectus or other official estimates for 1986. *u* Forecast otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ∎ Allotment price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a). † Units comprising five ordinary and one warrant. * Units comprising 12 preference shares and one warrant.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	—	82	27
Corpns. Dom. and Foreign Bonds	6	26	50
Industrials	155	554	783
Financial and Props.	96	122	348
Oils	14	61	51
Plantations	3	7	8
Mines	63	27	91
Others	120	49	81
Totals	457	928	1,439

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
B.P. (*633)	500	50	62	—	4	13	—
	550	17	35	45	25	42	50
	600	4	18	22	68	80	82
Cons. Gold (*462)	420	52	67	80	5	22	22

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
P. & O. (*421)	360	72	—	—	1½	—	—
	390	42	46	—	5	6	—
	420	25	33	42	15	20	25
	460	12	16	22	42	47	50

[illegible]

December 11 Total contracts 15,859 Calls 10,424 Puts 5,445

*Underlying security price

WORLD STOCK MARKETS

AUSTRIA

Dec. 11	Price Schs	+ or —
Credit'nst'lt ppd	420	+2
Goesser	585	−5
Interunfall	1,510	..
Jungbunzlauer*	41,900	−600
Laenderbank *	2,030	−10
Perimooser	760	−10
Steyr Daimler	161	...
Veitscher Mag	919	−1

BELGIUM/LUXEMBOURG

Dec. 11	Price Frs.	+ or —
B.B.L.	2,475	−25
Banq. Gen. Lux	9,600	...
Banq. Int.A.Lux	8,800	...
Bekaert	8,550	..
Ciment CBR	2,785	..
Cockerill	202	−1
Delhaize	6,780	..
EBES	3,850	..
Electrobel	11,275	−450
Fabrique Nat.	2,000	−20
GB Inno BM	5,000	..
GBL (Brux)	2,475	+20
Gevaert	4,800	−95
Hoboken	5,610	+10
Intercom	2,930	+50
Kredietbank	11,200	−325
Pan Hldgs	9,930	..
Petrofina	6,490	−290
Royale Belge	17,650	−50
Soc. Gen. Banq	4,500	..
Soc. Gen. Belge	2,225	+60
Sofina	8,300	+50
Solvay	6,120	+90
Stanwick Intl	1,020	+20
Tractionel	4,760	+20
UCB	5,710	−40
Wagons Lits	3,990	−20

DENMARK

Dec. 11	Price Knr %	+ or —
Andelsbanken	414	−2
Baltica Skand	595	−5
Cop Handelsb'nk	350xr	..
D. Sukkerfab	485	...
Danske Bank	393	+2
De Danske Luft	1,480	...
East Asiatic	249	−6
Forenede Brygg.	1,075	...
Forenede Damp.	227	−2
GNT Hld	685	...
I.S.S.B.	640	+40
Jyske Bank	760	...
Novo Inds	1,270	+20
Privatbanken	342	−1
Provinsbanken	480	−10
Smidth (F.L.) B	330	−11
Sophus Berend	980	...
Superfos	350	+1

FRANCE

Dec. 11	Price Frs.	+ or —
Emprunt 4½% 1975	1,443	+13
Emprunt 7% 1973	7,030	−170
Accor	296.8	+1.8
Air Liquide	610	+6
BIC	493	−6
Bongrain	1,550	−20
Bouygues	850	+15
BSN Gervais	2,470	−20
CIT Alcatel	1,450	+35
Carrefour	2,851	+31
Club Mediter'n	475	...
Cie Bancaire	814	+9
Cofimeg	316	−1
Damart	1,950	−30
Darty	1,805	−20
Dumez S.A.	843	−7
Eaux (Cie Gen)	799	+6
Elf-Aquitane	198.4	−4.6
Essilor	2,120	−20
Gen.Occidentale	719	...
Imetal	74.3	−0.7
Lafarge Coppee	695	+25
L'Oreal	2,830	+10
Legrand	2,460	+1
Maisons Phenix	195.8	+1.8
Matra S.A.	1,618	+18
Michelin B	1,604	+9
Midi (Cie)	3,940	−60
Moet-Hennessy	2,239	+37
Moulinex	70	−1
Nord Est.	143.1	+5.6
Pernod Rica	756	+8
Perrier	437.5	+1.5
Petroles Fra.	271	−18
Peugeot S.A.	475	+1.5
Printemps (Au.)	343	−9
Radiotech	404	−2
Redoute	1,900	+39
Roussel-Uclaf	1,595	−64
Sefimeg	374	−5
Skis Rossignol	1,440	−11
Telemec Elect	2,700	−40
Thomson (CSF)	687	+3
Valeo	380	+1

GERMANY

Dec. 11	Price Dm.	+ or —
AEG	238.2	+0.7
Allianz Vers	1,782	+2
BASF	268.5	+2.9
Bayer	256.8	+2.8
Bayer.Hypo	473	+18
Bayer-Verein	493	+22
BHF-Bank	485	+10
BMW	644	−3
Brown Boveri	295	−4
Commerzbank	278	+3
Cont'l. Gummi	164	−1
Daimler-Benz	1,139	+33
Degussa	430	−0.5
D'sche Babcock	208	−2
Deutsche Bank	737.5	+21.0
Dresdner Bank	348.3	+4.8
GHH	221.8	+3.3
Henkel	397	+2
Hochtief	784	+13
Hoechst	257	+1
Hoesch Werke	166.3	+2.3
Holzmann (P)	475	+3
Horten	217	−3
Hussel	450	+10
Karstadt	330	+2
Kaufhof	339	+9
KHD	310	+2
Kloeckner	95.5	+0.6
Linde	573	...
Lufthansa	226	+10
MAN	202.5	+2.5
Mannesmann	263	+1.4
Mercedes Hld	1,018	+8
Metallgesell	315	+20
Muench Rueck	2,300	...
Nixdorf	537	−9
Porsche	1,270	...
Preussag	241	...
Rhein West Elect	187	−1.3
Rosenthal	312	+2
Schering	622	...
Siemens	656.5	+2.7
Thyssen	178.5	+5.0
Varta	282	−4.5
Veba	285	+5
V.E.W.	142	+4
Verein-West	357	+1
Volkswagen	408	+3

ITALY

Dec. 11	Price Lira	+ or —
Banco Com'le	23,000	−650
Bastogi-IRBS	519.5	+24.5
Centrale	3,495	...
C.I.R.	6,280	+35
Credito Italiano	3,150	+41
Fiat	6,465	+145
Generali Assicur.	73,370	−230
Italcementi	51,400	+40
La Rinascente	975	−19
Montedison	2,550	+65
Olivetti	7,987	−10
Pirelli Co	6,210	−40
Pirelli Spa	3,259	+49
Saipem	7,085	+2
Snia BPD	5,020	+45
Toro Assic	23,340	+240

NETHERLANDS

Dec. 11	Price Fls	+ or —
ACF Holding	256	+1
AEGON	107.9	−0.1
Ahold	74.4	−0.2
AKZO	135.6	+0.3
ABN	533	+6
AMEV	78.5	−1.8
AMRO	96.2	+0.6
Bredero Cert	193.6	−0.5
Bos Kalis Westm.	16.2	+0.2
Buehrmann-Tet.	122.5	+3
Calland Hlgs	27.9	+0.3
Dordtsche Pet'm	155.5	−3
Elsevier-NDU	163	+1.5
Fokker	72	−0.7
Gist Brocades	247	−1
Heineken	211.7	−0.5
Hoogovens	75.2	+0.5
Int Mueller	64.5	−0.5
KLM	55	+2.1
KNP	119	+2.3
Naarden	56	−0.7
Nat Ned Cert	80.8	+0.4
Ned Mid Bank	216	−2
Nedlloyd	202.5	−3.2
Oce Grinten	377.5	+0.5
Ommeren (Van)	30.8	+0.7
Pakhoed	80.5	−0.5
Philips	56.9	+0.1
Robeco	80.7	+0.7
Rodamco	135.3	...
Rolinco	72.3	+0.5
Rorento	47	−0.1
Royal Dutch	167.3	−2.7
Unilever	384.5	+2
VMF Stork	252	+0.2
VNU	275	−2
Wessanen	221.5	...
West Utr Bank	87	+0.5

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Schillings.

NORWAY

Dec. 11	Price Kroner	+ or —
Bergens Bank	172	+0.5
Borregaard	451	−2
Christiania Bank	178.5	−1.5
DenNorske Cred	160	−2.5
Elkem	102	−2
Kosmos	179	+4
Kvaerner	183	−0.5
Norsk Data	417.5	−10.0
Norsk Hydro	140	−6
Storebrand	284	−1

SPAIN

Dec. 11	Price Pta %	+ or —
Bco Bilbao	414	+9
Bco Central	326	...
Bco Exterior	201	−2
Bco Hispano	154	−1
Bco Popular	413	...
Bco Santander	407	−2
Bco Vizcaya	566	+3
Dragados	133.5	...
Hidrola	80	...
Iberduero	102	+0.5
Petroleos	141.2	−0.8
Telefonica	134.6	−0.6

SWEDEN

Dec. 11	Price Kronor	+ or —
AGA	164	+2
Alfa-Laval B	261	+5
ASEA (Free)	315	...
Astra (Free)	470	−5
Atlas Copco	174	+3
Cardo (Free)	276	−4
Cellulosa	163	+8
Electrolux B	180	+5
Ericsson B	212	+7
Esselte	450	...
Mo och Domsjo	183	...
Pharmacia	184	+3
Saab Scania Free	492	−3
Sandvik	520	...
Skandia	332	+15
Skan Enskilda	74	+0.5
SKF	275	+8
Sonneson	145	+2
Stora Kopparbrg	168	+4
Sven Handlesbn	225	+6
Swedish Match	242	+8
Volvo B (Free)	294	+6

SWITZERLAND

Dec. 11	Price Frs.	+ or —
Adia Intl.	4,600	+25
Alusuisse	670	...
Bank Leu	4,240	+40
Brown Boveri	1,860	−5
Ciba Geigy	3,670	+30
do. (Part Certs)	3,000	+30
Credit Suisse	3,515	+15
Elektrowatt	3,520	+10
Fischer (Geo.)	1,150	+40
Hoff-Roche PtCts	117,500	+250
Hoff-Roche 1/10	11,750	−50
Jacobs Suchard	7,475	+15
Jelmoli	3,525	...
Landis & Gyr	2,255	+20
Nestle	8,050	+90
Oer-Buehrle	1,345	−5
Pirelli	380	+8
Sandoz (Br)	10,450	+325
Sandoz (Pt Cts)	1,715	+10
Schindler (PtCts)	910	+10
Sika	1,830	...
Surveillance A	5,950	+10
Swissair	1,820	+160
Swiss Bank	538	+7
Swiss Reinsce	12,800	+100
Swiss Volksbk	2,405	+5
Union Bank	4,995	+15
Winterthur	5,000	...
Zurich Ins.	5,725	−15

AUSTRALIA

Dec. 11	Price Aust $.	+ or —
ANZ Group	4.38xa	...
Ampol Pet.	2.22	−0.02
Ashton	1.08	−0.02
Aust. Cons. Ind	2.77	+0.05
Aust. Guarantee	2.5	...
Aust. Nat. Ins.	2.7	−0.08
APM	2.86	−0.01
Bell Group	11.7	−0.1
Bell Res.	5.3	−0.05
Bond Corp Hldgs	1.8xc	−0.03
Boral	3.18	+0.05
Bougainville	1.85	...
Brambles Inds	4.22	+0.02
Bridge Oil	1.97	+0.02
B. H. Prop.	8.32	−0.08
CRA	5.3	+0.04
CSR	3.59	+0.01
Coles (C.J.)	4.15	+0.03
Comalco "A"	1.65	...
Consolidated Pet	0.3	−0.05
Costain Aust.	2.0	...
Dunlop Olympic	2.25	...
Elders IXL	2.88	+0.03
Energ Res.	1.62	...

AUSTRALIA (continued)

Dec. 11	Price Aust.$	+ or —
Gen. Prop. Trust	2.07	−0.01
Hardie (James)	3.12	−0.03
Hartogen Energy	1.9	−0.1
Herald W'yTimes	5.5	...
ICI Aust	2.1	...
Jimberlana F.P.	0.22	+0.02
Kia Ora Gold	0.15	...
Kidston Gold	5.26	−0.04
Lend Lease	6.94	...
MIM	2.5	...
Mayne Nickless	3.15	...
Myer Emporium	3.5	...
Nat. Aust. Bank	4.62	+0.02
News	8.64	+0.04
Nicholas Kiwi	2.25	−0.05
NorandaP'o P/pd	0.65	...
North Bkn Hill	2.17	+0.02
Oakbridge	1.23	−0.02
Pancontinental	1.8	−0.05
Pioneer Conc	2.3	+0.05
Poseidon	2.75	−0.45
Queensland Coal	1.47	−0.01
Reckitt & Colman	3.65	+0.15
Repco	1.49	+0.01
Santos	5.2	−0.2
Smith (Howard)	4.3	−0.2
Thos. Natwide	2.32	−0.03
Tooth	5.3	...
Vamgas	3.0	...
Western Mining	3.1	−0.02
Westpac Bank	4.52	+0.02
Woods-de Petrol	1.93	...
Woolworths	3.32	...
Wormald Intl	3.5	...

HONG KONG

Dec. 11	Price H.K.$	+ or —
Bank East Asia	23.7	...
Cheung Kong	20.9	...
China Light	15.0	+0.2
Evergo	0.66	...
Hang Seng Bank	46	−0.25
Henderson Land	2.17	−0.03
HK China Gas	14.2	+0.2
HK Electric	8.35	...
HK Kowloon Wh.	7.6	+0.05
HK Land	6.70	−0.05
HK Shanghai BK.	7.55	−0.05
HK Telephone	9.70	−0.05
Hutchison Wpa	26.1	+0.1
Intnl. City	0.99	...
Jardine Math	13.7	...
New World Dev.	6.8	...
Orient O'seas	1.99	...
SHK Props	12.7	...
Shell Elect	0.91	...
Swire Pac A	29.8	+0.1
TV—B	6.55	−0.05
World Int. Hldgs.	2.65	+0.05

JAPAN

Dec. 11	Price Yen	+ or —
Ajinomoto	1,150	+10
All Nippon Air	696	−2
Alps Electric	1,880	+20
Asahi Chem	805	+15
Asahi Glass	891	+19
Bank Tokyo	730	+3
Bridgestone	516	...
Brother Inds	586	+1
Canon	1,150	...
Casio Comp	1,840	+10
Chugai Pharm	963	−7
Daiiei	709	...
Dai-Ichi Kan. Bk.	1,500	+20
Dai Nippon Ink	334	+1
Dai Nippon Ptg	1,330	+40
Daiwa House	890	+20
Daiwa Sec.	808	+40
Eisai	1,320	...
Fanuc	7,580	+170
Fuji Bank	1,500	+30
Fuji Film	2,110	+40
Fujisawa	847	+1
Fujitsu	1,120	+40
Furukawa Elect.	342	−3
Green Cross	2,120	−30
Heiwa Real Est	796	+7
Hitachi	770	+30
Hitachi Credit	1,060	+10
Honda	1,210	+40
Indl. Bk. Japan	1,060	−10
IshikawajimaHr	165	+6
Isuzu Motors	354	−5
Itoh (C)	397	+7
Ito. Yokado	3,000	−20
JAL	7,760	−140
Jusco	970	+18
Kajima	465	+16
Kao Soap	970	+9
Kawasaki Steel	135	...
Kirin	730	+6
Kobe Steel	180	+1
Komatsu	489	+4
Konishiroku	703	+2
Kubota	325	...
Kumagai	749	+26
Kyocera	4,650	+200
Marubeni	318	+3
Marui	1,530	−10
Mazda Motors	398	+1
Meija Seika	532	+1
MEI	1,280	+40
M'bishi Bank	1,470	+10
M'bishi Chem	529	+4
M'bishi Corp	564	+13
M'bishi Elect	351	+4
M'bishi Estate	1,120	+10

JAPAN (continued)

Dec. 11	Price Yen	+ or —
MHI	364	+14
Mitsui Bank	995	...
Mitsui	405	+17
Mitsui Estate	1040	...
Mitsui Toatsu	208	−1
Mitsukoshi	618	−7
NGK Insulators	929	+19
Nikko Sec	730	+20
Nippon Denso	1,410	+40
Nippon Elect	1,340	+20
Nippon Express	575	+17
Nippon Gakki	1,700	−20
Nippon Kogaku	1,080	+30
Nippon Kokan	131	...
Nippon Oil	797	+9
Nippon Seiko	542	...
Nippon Shimpan	710	−2
Nippon Steel	155	+1
Nippon Suisan	337	−3
Nippon Yusen	345	+8
Nissan Motor	572	...
Nisshin Flour	500	−3
Nomura	1,100	+90
Olympus	1,020	+20
Onoda Cement	316	+2
Orient Finance	919	−1
Orient Leasing	2,690	+110
Pioneer	1,820	+60
Ricoh	1,120	+30
Sankyo	1,070	−10
Sanwa Bank	1,330	+20
Sanyo Elect	408	+6
Sapporo	560	+10
Sekisui Prefab	843	+4
Seven-Eleven	9,370	−100
Sharp	951	+27
Shimizu Constn	374	+10
Shionogi	778	−10
Shiseido	1,370	...
Showa Denko	220	+7
Sony	4,100	+180
S'tomo Bank	1,590	...
S'tomo Chem	252	+4
S'tomo Corp.	719	+18
S'tomo Elect	913	+4
S'tomo Metal	138	−1
Taise Corp.	336	+14
Taisho Marine	655	+33
Taiyo Kobe Bank	715	...
Takeda	920	+4
TDK	4,600	+280
Teijin	489	+8
Toa Nenryo	1,160	+20
Tokai Bank	990	...
Tokio Marine	894	+19
Tokyo Elect Pwr	2,610	+140
Tokyo Gas	306	+13
Tokyu Corp.	548	+27
Toppan Print	1,010	+34
Toray	515	+10
Toshiba Elect	382	+8
Toyo Seikan	1,610	−40
Toyota Motor	1,160	+10
UBE Inds	204	...
Victor	1,570	+90
Yamaha	694	−1
Yamaichi Sec	744	+20
Y'manouchiPhm	2,910	−50
Yamazaki	941	+11
Yasuda Fire	559	+38

SINGAPORE

Dec. 11	Price $	+ or —
Boustead Hldgs.	1.18	−0.04
Cold Storage	2.81	+0.01
DBS	5.35	−0.1
Genting	4.5	...
Haw Par. Bros.	1.77	−0.02
Hong Leong Fin.	2.38	+0.08
Inchcape Bhd	1.69	−0.01
Keppel Shipyard	0.98	+0.02
Malay Banking	4.92	−0.08
Malay Utd. Ind.	1.95	−0.02
Multi Purpose	0.68	+0.05
OCBC	7.75	−0.1
OUB	2.53	−0.01
Public Bank	1.17	...
Sime Darby	1.32	−0.02
Singapore Press.	5.8	−0.1
Straits Trdg.	2.31	−0.04
Tat Lee Bk	2.30	−0.01
UOB	3.18	−0.08

SOUTH AFRICA

Dec. 11	Price Rand	+ or —
Abercom	1.85	...
AE&CI	9.5	−0.15
Allied Tech	54	−1
Anglo Am. Coal	57.0	...
Anglo Am. Corp.	38.75	+0.25
Anglo Am. Gold	192	+5
Barclays Bank	18	+0.25
Barlow Rand	13.0	...
Buffels	87.75	+1.50
CNA Gallo	1.9	...
Currie Finance	5.0	...
De Beer	15.50	+0.15
Driefontein	49.25	−0.25
FS Geduld	69	−2
Gold Fields S.A.	36.25	+0.25
Highveld Steel	5.9	...
Nedbank	8.35	−0.15
OK Bazaars	12.50	+0.25
Protea Hldgs	2.2	...
Rembrandt	49	+1
Rust Plat	24	−0.5
Safren	11.75	...
Sage Hldgs	9.8	...
SA Brews	7.8	+0.05
Smith (CG)	24.0	...
Tongaat Hulett	7.0	+0.2
Unisec	6.1	+0.05

CANADA

TORONTO
Closing prices December 11

[illegible]

MONTREAL
Closing prices December 11

[illegible]

Total Sales 4,977,384 shares

F—No voting rights or restricted voting rights.

Indices

NEW YORK—DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON — RISES AND FALLS

[illegible]

NYSE-Consolidated 1500 Actives

[illegible]

TORONTO / MONTREAL Portfolio

[illegible]

* Indicates pre-close figure

	Dec. 11	Dec. 10	Dec. 9	Dec. 6	1985 High	1985 Low
AUSTRALIA						
All Ord. (1/1/80)	980.7	880.8	985.8	984.3	1052.2 (25/10)	715.3 (7/1)
Metals & Mnls. (1/1/80)	479.2	479.0	484.9	481.2	595.8 (20/5)	562.6 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	115.78	115.80	115.33	115.43	121.95 (26/11)	58.21 (24/1)
BELGIUM						
Brussels SE (3/1/80)	2848.15	2875.81	2916.79	2944.41	2986.36 (25/11)	2090.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	(u)	234.78	231.67	237.57 (24/10)	158.44 (6/1)
FRANCE						
CAC General (31/12/82)	247.5	247.8	246.5	247.8	249.7 (28/11)	180.8 (3/1)
Ind Tendance (28/12/84)	144.0	145.8	142.1	143.1	144.8 (5/12)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	592.55	589.10	585.42	585.77	601.98 (22/11)	382.39 (3/1)
Commerzbank (1/12/53)	1745.3	1739.1	1725.0	1726.0	1781.4 (4/11)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1725.05	1728.29	1724.27	1721.89	1762.51 (21/11)	1220.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	437.68	434.30	435.75	441.90	446.54 (5/12)	228.56 (2/1)
JAPAN**						
Nikkei (16/5/49)	12872.0	12850.8	12798.2	12793.53	13055.5 (15/10)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1051.59	1018.45	1010.85	1011.26	1057.55 (10/7)	916.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	234.5	236.5	235.7	233.2	239.7 (28/11)	195.6 (3/1)
ANP-CBS Indust (1970)	215.7	216.8	216.3	217.9	218.5 (5/12)	147.8 (5/1)
NORWAY						
Oslo SE (4/1/83)	388.10	393.90	382.61	393.08	412.88 (12/11)	289.18 (2/1)
SINGAPORE						
Straits Times (1966)	647.21	649.14	649.49	651.22	852.65 (7/3)	603.54 (5/12)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1226.5	1145.8	1192.6	1277.1 (25/11)	829.5 (5/8)
JSE Indust (28/9/78)	—	1050.6	1036.5	1044.1	1049.2 (26/11)	767.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	132.59	131.34	130.61	131.46	137.54 (21/11)	101.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1647.19	1616.05	1611.79	1609.99	1647.19 (11/12)	1285.32 (9/7)
SWITZERLAND						
Swiss BankCpn (31/12/58)	535.5	546.5	541.9	541.9	553.5 (11/12)	388.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	245.2	244.8	244.6	245.7 (27/11)	164.6 (4/1)

** Saturday December 7: Japan Nikkei 12,790.9. TSE 1,010.37.

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 35

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NYSE COMPOSITE CLOSING PRICES

Continued from Page 35

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LONDON
Chief price changes (in pence unless otherwise indicated)

RISES		
Barr & WAT A	125	+11
First Castle	152	+7
Havelock Eur	180	+7
Kakuzi	85	+10
Plessey	178	+4
Robinson (Thos)	150	+10
Southend Stad	96	+5
Spencer Clark	120	+7
Tex Hldgs	108	+8
FALLS		
Tr 13% 1990	£106	−5/16
Tr 2½% I L 2011	£101⅞	−½
Abbey Life	184	−7
Aspinall	155	−13
Barclays	428	−13
BAe	441	−12
Bulmer (HP)	138	−10
Burmah Oil	272	−7
Carless Capel	95	−5
Christies Int	290	−10
Clyde Petrol	50	−5
Cooper (F)	21	−10
Equity & Law	240	−13
Etam	196	−10
GUS A	845	−14
Norcros	192	−7
Pearson	420	−8
Smith (W H) A	278	−14
Tate & Lyle	546	−22
Triton Eur	255	−40
Vickers	294	−9

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
26¾	16	AAR	.56	2.3	16	55	25¾	24⅞	24⅞	−⅛
19⅛	10⅛	AGS			15	509	u19¼	17⅜	19	+1¾
15⅝	9⅞	AMCA				3	11⅜	11¼	11¼	−¼
50¾	33½	AMR			8	19861	45⅝	43⅝	45	+1⅞
24¾	18⅝	AMR pf2.18		9.2		11	23¾	23⅝	23⅝	−⅛
25⅞	23¼	ANR pf 2.67		11.		2	24	24	24	−⅜
22	19	ANR pf 2.12		10.		1022	20½	20¼	20½	+⅜
11⅞	7⅝	APL			5	73	10⅝	10½	10⅝	+⅛
15⅞	8	ARX			15	335	u16⅛	15¾	16⅛	+⅜
55⅝	32¾	ASA	2a	5.8		332	34⅝	34⅛	34⅝	
27	10½	AVX	.32	2.2		283	14⅝	14¼	14⅝	
28⅛	20⅝	AZP	2.72	10	7	998	26⅝	26	26⅝	+⅝
63½	38⅝	AbtLab 1.40		2.2	17	2659	u64⅞	63¼	64⅝	+1¼
25⅞	19⅝	AccoWd .50		2.0	18	96	25⅛	24¾	24⅞	−¼
24¾	10	AcmeC .40		3.2	18	120	12⅞	12½	12⅝	
10½	7	AcmeE .32b		4.6	11	18	7⅛	7	7	
19	15½	AdaEx 1.92e		10.		133	u19⅜	18⅞	19¼	+¼
21⅜	13⅝	AdmMl .40		1.8	9	80	u21¾	21⅛	21⅝	+½
16¾	8⅝	AdvSys .53t		3.2	15	89	16⅝	16½	16⅝	+⅛
36⅝	22⅞	AMD			45	4951	31⅛	30¼	30¾	+⅜
12⅜	10⅝	Adobe n				268	11¾	11⅜	11⅝	−¼
17	14⅝	Adob pfA				88	16	15½	15½	−½
17⅝	15¼	Adob pfB				88	17½	17⅛	17⅛	−⅜
12¾	7	Advest .12a		1.0	17	542	12	11⅝	11⅞	+¼
53⅞	34¾	AetnLf 2.64		5.1	17	16437	51¾	50⅝	51½	+½

Continued on Page 35

NYSE COMPOSITE CLOSING PRICES

Continued from Page 34

12 Month High	Low	Stock	Div. Yld. P/E	Sls 100s	High	Low	Close	Ch'ge
15¼	6⅞	WstSL s .20	1.4 5	291	14	13¾	13⅞	+½
15½	5¾	WUnion		1782	13⅛	13¾	13	
45¼	24⅞	WnUn pf		5	45	45	45	
7¾	2¼	WnU pfS		57	6⅞	6⅝	6⅝	−⅛
14⅛	4⅝	WnU pfE		97	13	12⅝	12⅝	−¼
42	20	WUTl pf		1	42	42	42	
15⅛	5½	WUTl pfA		21	14⅝	14½	14½	−⅛
46¾	24⅛	WstgE 1.20	2.7 14	7189	45⅞	44⅞	45¼	+⅜
44¼	34⅞	Westvc 1.32	3.1 12	259	43⅝	42½	42⅞	−⅛
34	24¾	Weyerh 1.30	4.1 30	2830	31⅞	31½	31½	
44⅜	37¾	Weyr pf2.80	6.5	43	43⅛	42¾	43⅛	+⅛
51⅜	46	Weyr pr4.50	9.0	106	51⅛	50⅛	50⅛	−⅞
18⅛	6⅜	vjWhPit		156	8½	8⅛	8⅜	−¼

Continued on Page 33

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

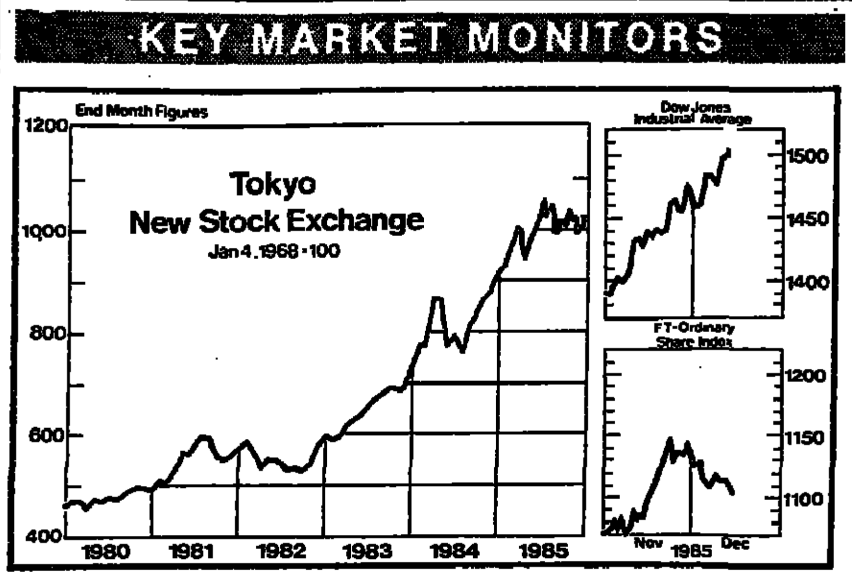
AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued on Page 33

FINANCIAL TIMES
WORLD STOCK MARKETS

KEY MARKET MONITORS



STOCK MARKET INDICES

	Dec 11	Previous	Year ago
NEW YORK			
DJ Industrials	1,511.70	1,499.20	1,178.33
DJ Transport	715.12	703.77	526.24
DJ Utilities	167.47	166.19	144.54
S&P Composite	206.31	204.40	163.07
LONDON			
FT Ord	1,103.7	1,115.7	922.3
FT-SE 100	1,377.4	1,389.5	1,198.6
FT-A All-share	667.71	673.49	572.59
FT-A 500	733.46	739.84	627.46
FT Gold mines	267.7	263.0	531.6
FT-A Long gilt	10.50	10.48	10.11
TOKYO			
Nikkei	12,972.00	12,850.95	11,250.80
Tokyo SE	1,031.59	1,018.43	869.21
AUSTRALIA			
All Ord.	980.7	980.8	723.7
Metals & Mins.	479.2	479.0	417.4
AUSTRIA			
Credit Aktien	115.87	115.8	58.78
BELGIUM			
Belgian SE	2,848.15	2,875.91	—
CANADA			
Toronto			
Metals & Minls	2,001.6	2,019.11	1,874.00
Composite	2,843.5	2,858.68	2,349.5
Montreal			
Portfolio	139.29	139.56	116.89
DENMARK			
SE	n/a	233.54	167.41
FRANCE			
CAC Gen	247.5	247.8	181.0
Ind. Tendance	144.0	143.8	99.3
WEST GERMANY			
FAZ-Aktien	592.55	589.10	375.79
Commerzbank	1,745.3	1,739.1	1,088.0
HONG KONG			
Hang Seng	1,723.05	1,728.29	1,118.38
ITALY			
Banca Comm.	437.68	434.30	213.84
NETHERLANDS			
ANP-CBS Gen	234.5	236.5	178.3
ANP-CBS Ind	415.7	216.8	141.0
NORWAY			
Oslo SE	388.1	393.9	283.72
SINGAPORE			
Straits Times	647.21	649.14	817.56
SOUTH AFRICA			
JSE Golds	–	1,126.5	997.3
JSE Industrials	–	1,030.6	952.8
SPAIN			
Madrid SE	132.39	131.34	97.67
SWEDEN			
J & P	1,647.19	1,616.85	1,374.81
SWITZERLAND			
Swiss Bank Ind	553.5	546.3	385.4
WORLD	Dec 11	Prev	Year ago
Capital Int'l	245.2	244.8	183.5

CURRENCIES

(London)	U.S. DOLLAR Dec 11	U.S. DOLLAR Previous	STERLING Dec 11	STERLING Previous
$	–	–	1.415	1.435
DM	2.5425	2.539	3.5975	3.6425
Yen	203.8	203.55	288.5	292.0
FFr	7.7575	7.75	10.9775	11.1225
SFr	2.1285	2.118	3.0125	3.04
Guilder	2.8655	2.859	4.055	4.1025
Lira	1,725.5	1,725.5	2,441.5	2,476.0
BFr	51.85	51.7	73.35	74.2
C$	1.3915	1.39725	1.96795	2.0103

GOLD (per ounce)

	Dec 11	Prev
London	$315.25	$318.25
Zürich	$315.75	$317.55
Paris (fixing)	$315.94	$313.75
Luxembourg	$317.00	$315.80
New York (Feb)	$320.10	$321.20

COMMODITIES

(London)	Dec 11	Prev
Silver (spot fixing)	405.40p	403.60p
Copper (cash)	£992.50	£964.25
Coffee (Jan)	£2,047.50	£2,023.50
Oil (spot Arabian Light)	$n/a	n/a

INTEREST RATES

	Dec 11	Prev
Euro-currencies (3-month offered rate)		
£	11 15/16	11⅞
SFr	4¼	4 7/16
DM	4⅞	4 3/16
FFr	13	12¼
FT London Interbank fixing (offered rate)		
3-month U.S.$	8⅛	8 3/16
6-month U.S.$	8⅛	8 3/16
U.S. Fed Funds	7⅞	7⅞
U.S. 3-month CDs	7.80	7.75
U.S. 3-month T-bills	7.07	7.175

U.S BONDS

Treasury		Dec 11* Price	Dec 11* Yield	Prev Price	Prev Yield
8½	1987	100 30/32	7.971	100 15/32	8.216
9¾	1992	103 20/32	9.022	102 20/32	9.181
9½	1995	101 29/32	9.201	100 26/32	9.361
9⅞	2015	103 19/32	9.537	102 ⅔2	9.65

Treasury Index

Maturity (years)	Return index	Dec 11* Day's change	Yield	Day's change
1–30	136.35	+0.97	8.77	−0.18
1–10	133.31	+0.74	8.49	−0.20
1– 3	128.56	+0.48	8.03	−0.22
3– 5	135.24	+0.86	8.67	−0.20
15–30	147.28	+1.84	9.76	−0.14

Source: Merrill Lynch

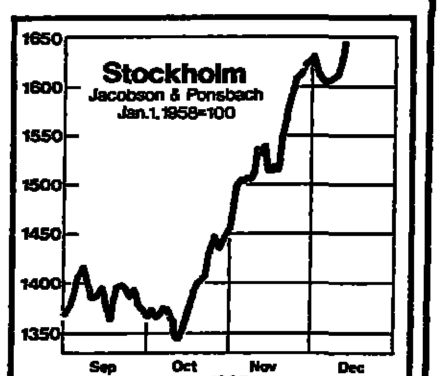
Corporate	Dec 11* Price	Dec 11* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	101½	9.90	101½	9.90
3⅞ July 1990	85¼	7.80	85¼	7.80
8¾ May 2000	88¾	10.25	88¾	10.25
Xerox				
10⅞ Mar 1993	102	10.00	102	10.15
Diamond Shamrock				
10⅝ May 1993	100¼	10.60	100¼	10.60
Federated Dept Stores				
10⅜ May 2013	96⅝	11.00	96⅝	11.00
Abbot Lab				
11.80 Feb 2013	106.00	11.10	106.00	11.10
Alcoa				
12¼ Dec 2012	104.00	11.75	104.00	11.75

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	84–11	84–17	83–19	83–10
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	92.97	93.04	92.86	92.87
Certificates of Deposit (IMM) $1m points of 100%				
Dec	92.30	92.34	92.17	92.16
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	91.90	91.94	91.91	91.90
20-year Notional Gilt £50,000 32nds of 100%				
Dec	110–13	110–16	110–16	110–17

* Latest available figures



WALL STREET

Bonds spur dash across threshold

CONTINUING heavy demand for stocks on Wall Street took the Dow Jones industrial average to a third consecutive high yesterday and above the 1,500 level for the first time, *writes Michael Morgan in New York.*

A series of institutional buying programmes were triggered by widening premiums on some stock index future contracts as the market again drew strength from the outlook for lower oil prices and from the continuing powerful rally in the bond market in the wake of the formal approval of the compromise Gramm-Rudman budget reform amendment by Congressional negotiators.

At the close, the Dow was up 12.50 at 1,511.70. Trading volume of 180.1m shares was up from 156.5m the previous day and was the second highest recorded this year.

In the broader market, the Standard & Poors 500 stock index climbed 1.92 to a peak 206.31 and the New York Stock Exchange composite index was up 1.08 at an all-time high of 118.80.

In the credit markets, prices of some Treasury coupon issues were around a point and a half higher after the Federal Reserve took many analysts by surprise with the addition of temporary liquidity through an overnight system repurchase arrangement.

This was seen to confirm the view that the Fed was becoming more accomodative and speculation continued that the Fed might soon cut the discount rate – the fee charged by the Fed on loans to banks and savings institutions – which has held at 7½ per cent since late May.

Fed funds opened at 7 15/16 per cent and the Fed intervention came when the rate edged higher to 8 1/16 per cent. Funds were later quoted at 7⅞ per cent.

The price of the key long bond, the 9⅞ per cent of 2015 rose 1 5/32 to 103 5/32 while the 9½ per cent note due in 1995 was 1 7/32 higher at 101 30/32.

In the money markets the yield on the three-month Treasury bill fell 13 basis points to 7.04 per cent while the six-month bill, yielding 7.03 per cent, was 21 basis points lower. Both bills had been quoted at 7 per cent earlier in the day.

On the New York Stock Exchange, Texaco was at the centre of attention after Tuesday's court ruling when a judge upheld the full multi-billion dollar award to Pennzoil.

Stock in Texaco traded down $2⅜ at $28⅜ having been $3¾ lower at one stage, amid speculation that the company may have to agree an out of court settlement or seek protection under Chapter 11 of the bankruptcy code. Pennzoil was up $½ at $66¼.

Other oil stocks turned in a stronger performance after Tuesday's declines. Exxon was $⅛ higher at $50, Chevron advanced $⅛ to $34¼, Atlantic Richfield added $¾ to $61½ and Mobil picked up $¼ to $29⅛. But Standard Oil of Ohio fell $¾ to $49.

Phillips Petroleum was $¼ higher at $11½ in continued reaction to the $359m charge against fourth-quarter earnings.

The airlines continued to benefit from the prospects for lower oil prices. AMR put on $1¾ to $44⅞, UAL $¾ to $53¼, and Delta $1 at $40¼. NWA was unchanged at $51.

But TWA was $⅜ down at $18½ after reaching tentative agreement with the pilots union on pay cuts and work rule changes that could cut costs by $100m next year.

Among the blue chips, IBM provided a further lead to the market with a $2⅜ rise to a record $149. General Electric rose $¼ to $67⅞, General Motors added $⅞ to $73⅞ and Merck was up $2 at $134¼.

RCA jumped a further $7¾ to $60½ after an opening delay for an order imbalance. The stock had risen $3¾ the previous day amid market speculation that the company might launch a restructuring move. The company again declined comment on the activity in its stock yesterday.

CSX, the railway group, which announced it was taking a $950m charge for restructuring, was $1⅞ higher at $31.

Cyclops which rose $3¾ on Tuesday after announcing the sale of its steel and construction business, added a further $4 to $60.

W.R. Grace, the chemicals and consumer products group was $1⅜ lower at $45⅝. It plans to buy the 26 per cent of its shares held by the Flick group for $595m and will sell its retail business to finance the deal.

Tribune Co put on $2¼ to $54 following its plans to sell nine cable TV systems and the Los Angeles Daily News. Jones Intercable, which is buying the TV systems was down $⅛ at $6.

GAF Corp which said it planned to break up Union Carbide if it gained control, traded $¾ higher at $60⅞. Stock in Carbide was $1⅛ firmer at $65½.

TOKYO

Rate hopes reanimate sentiment

A REANIMATED Tokyo market took share prices higher on a wide front, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average jumped 121.05 points to 12,972.00 on volume totalling 387m shares, up from Tuesday's 290m. Advances outpaced declines 497 to 322, with 136 issues unchanged.

Two factors leading to the upsurge were the adoption of a bill at a joint committee meeting of the US Congress calling for the elimination of the fiscal deficit by 1991 and a plunge of crude oil prices in Europe. These factors strengthened investor belief that domestic and foreign interest rates will go down further.

Institutional investors and financial businesses, which have remained out of the market recently, placed buy orders in small lots, while investment trusts also started buying.

Leading blue chips advanced, with Hitachi soaring Y30 to Y770 on the day's heaviest trading of 16.38m shares. NEC gained Y20 to Y1,340, while Matsushita Electric Industrial and Fujitsu added Y40 each to Y1,280, and Y1,120, respectively. Nippon Kogaku finished Y30 higher at Y1,080.

Many utilities continued to advance. Tokyo Gas, second most active with 15.17m shares traded, closed at Y306, up Y13. Tokyo Electric Power was placed third on the active list with 14.16m shares changing hands, rising Y140 to Y2,610.

Among large-capital issues, Mitsubishi Heavy Industries rose Y14 to Y364 and Nippon Steel gained Y1 to Y155.

Falling interest rates revived the popularity of financial stocks, sending Nomura Securities up Y90 to Y1,100 and Tokio Marine and Fire up Y19 to Y894.

Elsewhere, Mitsubishi Chemical and Asahi Chemical, both biotechnology issues, were higher Y4 at Y529 and Y15 at Y805, respectively. Constructions and printings firmed. Kumagai Gumi added Y26 to Y749 and Taisei Corp Y14 to Y336.

With buying shifting to blue chips and large-capital stocks, speculative leaders and incentive-backed issues eased. Mochida Pharmaceutical dropped Y240 to Y7,790 and Japan Air Lines lost Y140 to Y7,760.

Buying also swelled sharply on the bond market with institutional investors and brokerage houses expecting a large cut in the US official discount rate by the end of the year or in January at the latest.

The yield on the benchmark 6.8 per cent government bond maturing in December 1994 plummeted past the 6 per cent barrier to 5.900 per cent, a steep fall from 6.055 per cent on Tuesday. But some investors remained cautious because of the rapid decline of the yield in the past week.

HONG KONG

THE LACK of any fresh factors contributed to quiet trading in Hong Kong and prices ended mixed. The Hang Seng index ended down 5.24 at 1,723.05.

Healthy results from some second-line companies kept the underlying tone firm, however. Investors were awaiting signals from China's state councillor Ji Pengfei on his country's attitude to local political affairs.

Hutchison Whampoa and Swire Pacific each gained 10 cents to HK$26.10 and HK$29.80 respectively, while Jardine was steady at HK$13.70.

EUROPE

Cheaper oils a double edged sword

THE PROSPECTS of cheaper oil proved to be a double-edged sword on particularly active European bourses yesterday while a number of leading banks continued to draw the crowds.

The record set in **Zurich** was attributable to the tantalising display from Wall Street overnight and growing optimism over the Swiss economy in general and interest rates in particular. The Swiss Bank Industrial index rose 7.2 to 553.5.

Blue chips never left the sights of domestic and foreign buyers with Swissair boosted SFr 160 to SFr 1,820 on lower oil price prospects.

Banks firmed overall but UBS, fresh from its West German sortie, gained a further SFr 15 to SFr 4,995 to another high for the year. Elsewhere, Dow Banking added SFr 80 to SFr 1,430 and Baer Holding advanced SFr 100 to SFr 12,100.

Ciba-Geigy continued to benefit from its interferon licensing pact with Kyowa Hakko Kogyo of Japan and picked up a further SFr 80 to SFr 1,910 after Tuesday's SFr 90 rise. Fellow chemical issue Sandoz sprinted SFr 150 ahead to SFr 4,350.

Bonds were steady despite higher volume. Both tranches of the Picon bond, first traded in the previous session, finished unchanged at 97.50 per cent.

Flick-related issues were the centrepiece of a stronger **Frankfurt** although the full impact of Opec's new market stance was felt. The Commerzbank index was up 6.2 to 1,745.3.

Deutsche Bank appeared to be on everyone's buy list. The largest banking group in West Germany finished DM 21 higher at a record DM 737.50 on news that W. R. Grace has agreed to buy the 26 per cent of its shares that Deutsche Bank plans to acquire from Flick.

Other banks were buoyed by this good cheer. Bayerische Vereinsbank stormed DM 22 higher to DM 493, Dresdner put on DM 4.80 to DM 348.30 after selling back to Union Bank of Switzerland its Deutsche Länderbank unit, while BHF, thought once to be the target of UBS's advances, shed DM 10 to DM 485.

Daimler, the other ace in the Flick pack, was catapulted DM 33 higher to DM 1,139 on the hope that the spin-off of Flick's Daimler stake will produce a surge in the car maker's share price.

The Opec price decision fuelled Lufthansa's further rise of DM 10 to DM 226 while utility Veba firmed DM 5 more to DM 285.

Other features of the day included Metallgesellschaft's DM 20 rise to DM 315, while GHH's stable profits forecast was translated into a DM 3.30 rise to DM 221.80.

Nixdorf suffered among the high-technology stocks with its DM 9 fall to DM 537.

Among retailers Kaufhof sparkled with its DM 9 rally to DM 339 and specialist confectionery group Hussel scored a high for the year with its DM 10 jump to DM 430.

The bond market saw gains of up to 20 basis points with some foreign buying detected, although losses of up to 5 basis points were recorded in spots. The Bundebank was less obvious in the market with its sales of DM 31m of paper compared with Tuesday's sales of DM 53.2m.

The **Brussels** bloodbath continued with a further bruising 27.76 fall to 2,848.15 in the Belgian Stock Exchange index. Petrofina, which represents nearly one quarter of the bourse's capitalisation, took a BFr 290 nose-dive to BFr 6,490 hot on the heels of Tuesday's BFr 220 fall. Cometra, the country's second largest oil concern, weakened another BFr 50 to BFr 2,820.

Electrobel was battered BFr 450 lower to BFr 11,275, taking this week's losses to BFr 725. Reports that long-standing plans to merge with Tractionel have been cancelled triggered the selling.

Paris regained its balance after early unease over oils. Elf lost FFr 4.60 to FFr 198.40, Esso shed FFr 14 to FFr 481 although Total-CFP finished steady at FFr 271.

Elsewhere, the bright spots included Beghin-Say's FFr 21.90 rise to FFr 304.90 and CIT-Alcatel's FFr 41 jump to FFr 1,450.

Forestry issues set the pace in brisk **Stockholm** trading buoyed by overseas buyers. Fermenta made its expected come-back with a SKr 6 rise to SKr 199, while Ericsson gained a SKr 7 to SKr 212. Rumours of a major US order for SKF boosted the precision engineering group SKr 8 ahead to SKr 275.

Milan rejoined the upward trail but late profit-taking took some of the gloss off the rise. Bastogi featured with a gain of L24.50 to L519.50 on reports that it might merge with Gemina.

Amsterdam finished off its day's high with Royal Dutch Fl 2.70 cheaper at Fl 187.30, while storage group Pakhoed shed 50 cents to Fl 80.50.

Madrid made solid progress in quiet trading.

LONDON

Spot price anxieties persist

ANOTHER steep fall in crude oil prices inflicted further damage on sterling which in turn exerted fresh downward pressure on London stocks yesterday, not helped by the Prime Minister's rejection of lower interest rates.

Consumer-oriented stocks came under a cloud as hopes receded of record Christmas spending. Brewery issues were affected for the same reason.

The FT Ordinary share index steadied towards the close to end down 12.0 at 1,103.7.

Tate & Lyle produced preliminary figures slightly better than some forecasts but still closed 22p lower at 546p, and news came that Cable & Wireless had been oversubscribed.

Gilts followed the pound with longs about ¼ easier and shorts off about ⅛.

Chief price changes, Page 33; Details Page 32; Share information service, Pages 30-31

AUSTRALIA

NERVOUSNESS about oil and gas prices dampened sentiment in Sydney where prices closed mixed to lower, offset by some gains among industrial issues.

Heartened by a fall in domestic interest rates and news that the current account deficit had narrowed in November, activity pushed the All Industrials index up 2.4 to 1,452.6.

Despite its heavy reliance on oil production for profits, BHP put on 6 cents to A$8.32. CSR gained 1 cent to A$3.59, while Bell Resources lost 6 cents to A$5.30.

SINGAPORE

A LETHARGIC Singapore ended weaker but above its lows for the day, aided by news on Pan-Electric.

The marine and property group has received another S$20m from businessman Tan Koon Swan to tide it over its current financial squeeze.

Sime Darby, the most active issue with 618,000 shares traded, ended down 2 cents at S$1.32 while Genting, also active, was unchanged at S$4.50.

In banks, DBS lost 10 cents to S$5.35, OCBC a similar amount to S$7.75, Malayan Banking 6 cents to S$4.82 and UOB 8 cents to S$3.18.

CANADA

SHARPLY lower oil and gold issues dragged Toronto down, despite a firmer Wall Street performance.

Imperial Oil traded C$1 lower at C$50¾ while Dome Petroleum lost 20 cents to C$2.85.

Texaco Canada shed C$1¼ to C$29⅝ after a Texas judge upheld a multi-billion dollar judgment against its US parent.

Montreal was also easier.

SOUTH AFRICA

THE WEAKER bullion price continued to hit out at gold shares in Johannesburg and most issues ended mixed to lower.

Driefontein gave up 25 cents to R49.25, while Buffels moved against the trend to add R1.50 at R81.75.

Industrials group Barlow Rand ended unchanged at R13 as did Highveld Steel at R5.90.